



General Assembly

January Session, 2011

***Raised Bill No. 1110***

LCO No. 4099

\*04099\_\_\_\_\_BA\_\*

Referred to Committee on Banks

Introduced by:  
(BA)

***AN ACT CONCERNING CONSUMER CREDIT LICENSES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-1 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2011*):

3 This title shall be known as the "Banking Law of Connecticut" and  
4 shall be applicable to all Connecticut banks, Connecticut credit unions,  
5 mortgage lenders, mortgage correspondent lenders, [mortgage loan  
6 originators and] mortgage brokers, mortgage loan originators, loan  
7 processors and underwriters, money order and travelers check  
8 licensees, check cashing service licensees, trustees under mortgages or  
9 deeds of trust of real property securing certain investments,  
10 corporations exercising fiduciary powers, small loan licensees, sales  
11 finance companies, mortgage servicing companies, debt adjusters,  
12 persons offering or engaging in debt negotiation and to such other  
13 persons as subject themselves to the provisions of this title or who, by  
14 violating any of its provisions, become subject to the penalties  
15 provided in this title.

16 Sec. 2. Subsection (e) of section 36a-21 of the general statutes is

17 repealed and the following is substituted in lieu thereof (*Effective*  
18 *October 1, 2011*):

19 (e) The confidentiality provisions of this section shall not apply to  
20 records relating to the employment history of, and publicly  
21 adjudicated disciplinary and enforcement actions against, mortgage  
22 loan originators, loan processors or underwriters that are included in  
23 the system for access by the public.

24 Sec. 3. Subsection (c) of section 36a-51 of the general statutes is  
25 repealed and the following is substituted in lieu thereof (*Effective from*  
26 *passage*):

27 (c) Any licensee may surrender any license issued by the  
28 commissioner under any provision of the general statutes by  
29 surrendering the license to the commissioner in person or by  
30 registered or certified mail, [but such surrender] provided, in the case  
31 of a license issued pursuant to part I of chapter 668, such surrender  
32 shall be initiated by filing a request to surrender on the system, as  
33 defined in section 36a-485, as amended by this act, in accordance with  
34 section 36a-490a, as amended by this act. Surrender of a license shall  
35 not affect the licensee's civil or criminal liability, or affect the  
36 commissioner's ability to impose an administrative penalty on the  
37 licensee pursuant to section 36a-50 for acts committed prior to the  
38 surrender. If, prior to receiving the license, or, in the case of a license  
39 issued pursuant to part I of chapter 668, prior to the filing of a request  
40 to surrender a license under section 36a-490, as amended by this act,  
41 the commissioner has instituted a proceeding to suspend, revoke or  
42 refuse to renew such license, such surrender or request to surrender  
43 will not become effective except at such time and under such  
44 conditions as the commissioner by order determines. If no proceeding  
45 is pending or has been instituted by the commissioner at the time of  
46 surrender, or, in the case of a license issued pursuant to part I of  
47 chapter 668, at the time a request to surrender is filed, the  
48 commissioner may still institute a proceeding to suspend, revoke or

49 refuse to renew a license under subsection (a) of this section up to the  
50 date one year after the date of receipt of the license by the  
51 commissioner, or, in the case of a license issued pursuant to part I of  
52 chapter 668, up to the date one year after the date of the acceptance by  
53 the commissioner of a request to surrender a license under section 36a-  
54 490, as amended by this act.

55 Sec. 4. Subdivision (6) of subsection (c) of section 36a-65 of the  
56 general statutes is repealed and the following is substituted in lieu  
57 thereof (*Effective from passage*):

58 (6) A licensee under section 36a-489, 36a-541, 36a-556, 36a-581, 36a-  
59 600, 36a-628, 36a-656, 36a-671, as amended by this act, or 36a-801 shall  
60 pay to the commissioner the actual cost of any examination of the  
61 licensee, as such cost is determined by the commissioner. If the licensee  
62 fails to pay such cost not later than sixty days after receipt of demand  
63 from the commissioner, the commissioner may suspend the license  
64 until such costs are paid.

65 Sec. 5. Subdivision (10) of section 36a-485 of the general statutes is  
66 repealed and the following is substituted in lieu thereof (*Effective*  
67 *October 1, 2011*):

68 (10) "Loan processor" or "underwriter" means an individual who  
69 performs clerical or support duties. [as an employee at the direction of  
70 and subject to the supervision and instruction of a person licensed or  
71 exempt from licensing under sections 36a-485 to 36a-498a, inclusive,  
72 and sections 36a-534a and 36a-534b.] The term "clerical or support  
73 duties" includes, subsequent to the receipt of an application, (A) the  
74 receipt, collection, distribution and analysis of information common  
75 for the processing or underwriting of a residential mortgage loan, and  
76 (B) communication with a consumer to obtain the information  
77 necessary for the processing or underwriting of a loan to the extent  
78 that such communication does not include offering or negotiating loan  
79 rates or terms or counseling consumers about residential mortgage  
80 loan rates or terms;

81       Sec. 6. Subdivision (15) of section 36a-485 of the general statutes is  
82       repealed and the following is substituted in lieu thereof (*Effective*  
83       *October 1, 2011*):

84       (15) "Mortgage loan originator" means an individual who for  
85       compensation or gain or with the expectation of compensation or gain  
86       (A) takes a residential mortgage loan application or (B) offers or  
87       negotiates terms of a residential mortgage loan. "Mortgage loan  
88       originator" does not include (i) an individual engaged solely as a loan  
89       processor or underwriter; [except as otherwise provided in subdivision  
90       (3) of subsection (b) of section 36a-486;] (ii) a person who only  
91       performs real estate brokerage activities and is licensed in accordance  
92       with chapter 392, unless the person is compensated by a mortgage  
93       lender, mortgage correspondent lender, mortgage broker or other  
94       mortgage loan originator or by any agent of such mortgage lender,  
95       mortgage correspondent lender, mortgage broker or other mortgage  
96       loan originator; (iii) a person solely involved in extensions of credit  
97       relating to timeshare plans, as that term is defined in Paragraph 53D of  
98       11 USC 101; or (iv) any individual who solely renegotiates terms for  
99       existing mortgage loans on behalf of a mortgagee and who does not  
100      otherwise act as a mortgage loan originator, unless the United States  
101      Department of Housing and Urban Development or a court of  
102      competent jurisdiction determines that the S.A.F.E. Mortgage  
103      Licensing Act of 2008, 12 USC Section 5101 et seq., requires such  
104      individual to be licensed as a mortgage loan originator under state  
105      laws implementing said S.A.F.E. Mortgage Licensing Act;

106      Sec. 7. Subdivision (26) of section 36a-485 of the general statutes is  
107      repealed and the following is substituted in lieu thereof (*Effective*  
108      *October 1, 2011*):

109      (26) "System" means the Nationwide Mortgage Licensing System  
110      and Registry developed and maintained by the Conference of State  
111      Bank Supervisors and the American Association of Residential  
112      Mortgage Regulators for the licensing and registration of mortgage

113 lenders, mortgage correspondent lenders, mortgage brokers, [and]  
114 mortgage loan originators, loan processors and underwriters;

115 Sec. 8. Subsection (b) of section 36a-486 of the general statutes is  
116 repealed and the following is substituted in lieu thereof (*Effective*  
117 *October 1, 2011*):

118 (b) (1) No person licensed as a mortgage lender, mortgage  
119 correspondent lender or mortgage broker shall engage the services of a  
120 mortgage loan originator or of a loan processor or underwriter  
121 required to be licensed under subdivision (3) of this subsection unless  
122 such mortgage loan originator, loan processor or underwriter is  
123 licensed under section 36a-489, as amended by this act. An individual,  
124 unless specifically exempted under subdivision (2) of this subsection,  
125 shall not engage in the business of a mortgage loan originator on  
126 behalf of a licensee or a person exempt under section 36a-487, as  
127 amended by this act, with respect to any [dwelling, as defined in  
128 Section 103 of the Consumer Credit Protection Act, 15 USC 1602,  
129 located in this state] residential mortgage loan without first obtaining  
130 and maintaining annually a license as a mortgage loan originator  
131 under section 36a-489, as amended by this act. Each licensed mortgage  
132 loan originator, loan processor and underwriter shall register with and  
133 maintain a valid unique identifier issued by the system. No individual  
134 may act as a mortgage loan originator for more than one person at the  
135 same time. The license of a mortgage loan originator, loan processor or  
136 underwriter is not effective during any period when such mortgage  
137 loan originator, loan processor or underwriter is not sponsored by a  
138 licensed mortgage lender, mortgage correspondent lender or mortgage  
139 broker, or by a person registered as an exempt registrant under  
140 subsection (c) of section 36a-487, as amended by this act, or during any  
141 period in which the license of the mortgage lender, mortgage  
142 correspondent lender or mortgage broker with whom such originator,  
143 loan processor or underwriter is associated has been suspended. Either  
144 the mortgage loan originator, loan processor or underwriter or the  
145 [mortgage lender, mortgage correspondent lender or mortgage broker]

146 sponsor may file a notification of the termination of sponsorship [of a  
147 mortgage loan originator] with the system.

148 (2) The following are exempt from this section: (A) A registered  
149 mortgage loan originator or an employee of an institution or  
150 subsidiary described in subdivision (20) of section 36a-485, who is not  
151 required to be registered under Section 1507 of the S.A.F.E. Mortgage  
152 Licensing Act of 2008, when acting for such institution or subsidiary,  
153 (B) an individual who offers or negotiates the terms of a residential  
154 mortgage loan with or on behalf of an immediate family member of  
155 such individual, (C) an individual who offers or negotiates the terms of  
156 a residential mortgage loan secured by a dwelling, as defined in  
157 Section 103 of the Consumer Credit Protection Act, 15 USC 1602, that  
158 served as the individual's residence, and (D) a licensed attorney who  
159 negotiates the terms of a residential mortgage loan on behalf of a client  
160 as an ancillary matter to the attorney's representation of the client,  
161 unless the attorney is compensated by a mortgage lender, mortgage  
162 correspondent lender, mortgage broker or other mortgage loan  
163 originator or by any agent of such mortgage lender, mortgage  
164 correspondent lender, mortgage broker or other mortgage loan  
165 originator.

166 (3) [Effective July 31, 2010, a] A loan processor or underwriter who  
167 is: [an] (A) An independent contractor; or (B) employed by any person  
168 other than: (i) A licensed mortgage lender, mortgage correspondent  
169 lender or mortgage broker; or (ii) any person exempt from such  
170 licensure under subdivision (1) of subsection (a) of section 36a-487, as  
171 amended by this act, may not engage in the activities of a loan  
172 processor or underwriter unless such [independent contractor] loan  
173 processor or underwriter obtains and maintains a license as a  
174 [mortgage loan originator] loan processor or underwriter under  
175 section 36a-489, as amended by this act. [Each independent contractor  
176 loan processor or underwriter licensed as a mortgage loan originator  
177 shall have and maintain a valid unique identifier issued by the  
178 system.]

179 (4) An individual engaging solely in loan processor or underwriter  
180 activities shall not represent to the public, through advertising or other  
181 means of communicating or providing information, including the use  
182 of business cards, stationery, brochures, signs, rate lists or other  
183 promotional items, that such individual can or will perform any of the  
184 activities of a mortgage loan originator.

185 Sec. 9. Section 36a-487 of the general statutes is repealed and the  
186 following is substituted in lieu thereof (*Effective October 1, 2011*):

187 (a) The following are exempt from licensing as a mortgage lender,  
188 mortgage correspondent lender or mortgage broker under sections  
189 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b: (1) Any bank,  
190 out-of-state bank, Connecticut credit union, federal credit union or out-  
191 of-state credit union, provided such bank or credit union is federally  
192 insured, any operating subsidiary of a federal bank or federally-  
193 chartered out-of-state bank or any wholly-owned subsidiary of a  
194 Connecticut bank or a Connecticut credit union; (2) any person  
195 licensed under sections 36a-671 to 36a-671d, inclusive, as amended by  
196 this act, or exempt from licensure under section 36a-671c, as amended  
197 by this act, who is negotiating or offering to negotiate terms of a  
198 residential mortgage loan as authorized by said sections 36a-671 to  
199 36a-671d, inclusive; and (3) any person engaged solely in providing  
200 loan processing or underwriting services to persons licensed as a  
201 mortgage lender, mortgage correspondent lender or mortgage broker  
202 exempt from such licensure under subdivision (1) of subsection (a) of  
203 section 36a-487, as amended by this act. Each wholly-owned  
204 subsidiary of a Connecticut bank or Connecticut credit union that  
205 engages in the business of making residential mortgage loans or acts as  
206 a mortgage broker in this state shall provide written notification to the  
207 commissioner prior to engaging in such activity.

208 (b) The following are exempt from licensing as a mortgage lender or  
209 mortgage correspondent lender under sections 36a-485 to 36a-498f,  
210 inclusive, 36a-534a and 36a-534b:

211 (1) Persons making five or fewer residential mortgage loans within  
212 any period of twelve consecutive months, provided nothing herein  
213 shall relieve such persons from complying with all applicable laws;

214 (2) Bona fide nonprofit corporations making residential mortgage  
215 loans to promote home ownership for the economically  
216 disadvantaged;

217 (3) Agencies of the federal government, or any state or municipal  
218 government, or any quasi-governmental agency making residential  
219 mortgage loans under the specific authority of the laws of any state or  
220 the United States;

221 (4) Persons licensed under sections 36a-555 to 36a-573, inclusive, as  
222 amended by this act, when making residential mortgage loans  
223 authorized by said sections;

224 (5) Persons owning real property who take back from the buyer of  
225 such property a secondary mortgage loan in lieu of any portion of the  
226 purchase price of the property;

227 (6) Any corporation or its affiliate that makes residential mortgage  
228 loans exclusively for the benefit of its employees or agents;

229 (7) Any corporation, licensed in accordance with section 38a-41, or  
230 its affiliate or subsidiary, that makes residential mortgage loans to  
231 promote home ownership in urban areas;

232 (8) Persons acting as fiduciaries with respect to any employee  
233 pension benefit plan qualified under the Internal Revenue Code of  
234 1986, or any subsequent corresponding internal revenue code of the  
235 United States, as from time to time amended, who make residential  
236 mortgage loans solely to plan participants from plan assets; and

237 (9) Persons making secondary mortgage loans to individuals related  
238 to the maker by blood or marriage.

239 (c) Any person exempt from licensure under this section may  
 240 register on the system as an exempt registrant for purposes of  
 241 sponsoring a mortgage loan originator, loan processor or underwriter  
 242 pursuant to subdivision (1) of subsection (b) of section 36a-486, as  
 243 amended by this act. Such registration shall not affect the exempt  
 244 status of such person.

245 Sec. 10. Subdivision (b) of section 36a-488 of the general statutes is  
 246 repealed and the following is substituted in lieu thereof (*Effective from*  
 247 *passage*):

248 (b) The commissioner may issue a mortgage lender license, a  
 249 mortgage correspondent lender license, or a mortgage broker license.  
 250 Each mortgage lender licensee may also act as a mortgage  
 251 correspondent lender and a mortgage broker, and each mortgage  
 252 correspondent lender licensee may also act as a mortgage broker. On  
 253 and after July 1, 2008, an application for a license as a mortgage lender,  
 254 mortgage correspondent lender or mortgage broker office or renewal  
 255 of such license shall be filed, in a form prescribed by the commissioner,  
 256 with the system. Each such form shall contain content as set forth by  
 257 instruction or procedure of the commissioner and may be changed or  
 258 updated as necessary by the commissioner in order to carry out the  
 259 purpose of sections 36a-21, 36a-485 to 36a-498f, inclusive, 36a-534a and  
 260 36a-534b. The applicant shall, at a minimum, furnish to the system  
 261 information concerning the identity of the applicant, any control  
 262 person of the applicant, the qualified individual and any branch  
 263 manager, including personal history and experience in a form  
 264 prescribed by the system and information related to any  
 265 administrative, civil or criminal findings by any governmental  
 266 jurisdiction. The following supplementary information shall be filed  
 267 directly with the commissioner: (1) In the case of an initial application  
 268 for a license for the main office, (A) a financial statement as of a date  
 269 not more than twelve months prior to the filing of the application  
 270 which reflects tangible net worth, and if such financial statement is  
 271 unaudited, the proprietor, general partner, or duly authorized officer,

272 trustee or member shall swear to its accuracy under oath before a  
 273 notary public, [; (2)] and (B) a bond as required by section 36a-492, as  
 274 amended by this act; [(3)] (2) evidence that the qualified individual or  
 275 branch manager meets the experience required by subsection (a) of this  
 276 section; and [(4)] (3) such other information pertaining to the applicant,  
 277 the applicant's background, the background of its principals,  
 278 employees, [and] mortgage loan originators, and loan processors or  
 279 underwriters, and the applicant's activities as the commissioner may  
 280 require. For the purpose of this subsection, evidence of experience of  
 281 the qualified individual or branch manager shall include: (A) A  
 282 statement specifying the duties and responsibilities of such person's  
 283 employment, the term of employment, including month and year, and  
 284 the name, address and telephone number of a supervisor, employer or,  
 285 if self-employed, a business reference; and (B) if required by the  
 286 commissioner, copies of W-2 forms, 1099 tax forms or, if self-  
 287 employed, 1120 corporate tax returns, signed letters from the employer  
 288 on the employer's letterhead verifying such person's duties and  
 289 responsibilities and term of employment including month and year,  
 290 and if such person is unable to provide such letters, other proof  
 291 satisfactory to the commissioner that such person meets the experience  
 292 requirement. The commissioner may conduct a criminal history  
 293 records check of the applicant, any control person of the applicant and  
 294 the qualified individual or branch manager with supervisory authority  
 295 at the office for which the license is sought and require the applicant to  
 296 submit the fingerprints of such persons and authorization of such  
 297 persons for the system and the commissioner to obtain an independent  
 298 credit report from a consumer reporting agency, as described in  
 299 Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as part  
 300 of the application.

301 Sec. 11. Subsection (c) of section 36a-488 of the general statutes is  
 302 repealed and the following is substituted in lieu thereof (*Effective*  
 303 *October 1, 2011*):

304 (c) (1) The commissioner may issue a mortgage loan originator

305 license or a loan processor or underwriter license. Each mortgage loan  
 306 originator licensee may also act as a loan processor or underwriter. An  
 307 application to license [a person] an individual as a mortgage loan  
 308 originator or a loan processor or underwriter for a specified office or  
 309 renewal of such license shall be filed, in a form prescribed by the  
 310 commissioner, with the system. Each such form shall contain content  
 311 as set forth by instruction or procedure of the commissioner and may  
 312 be changed or updated as necessary by the commissioner in order to  
 313 carry out the purpose of sections 36a-485 to 36a-498f, inclusive, 36a-  
 314 534a and 36a-534b. The applicant shall, at a minimum, furnish to the  
 315 system, in a form prescribed by the system, information concerning the  
 316 applicant's identity, including personal history and experience and  
 317 information related to any administrative, civil or criminal findings by  
 318 any governmental jurisdiction. [Effective April 1, 2010, each] Each  
 319 applicant for a mortgage loan originator license and each applicant for  
 320 a loan processor or underwriter license, shall furnish to the system  
 321 fingerprints for submission to the Federal Bureau of Investigation and  
 322 any governmental agency or entity authorized to receive such  
 323 information for a state, national and international criminal history  
 324 background check. Effective the later of July 31, 2010, or [thirty days  
 325 after] the date the system commences accepting such authorizations  
 326 for processing, each applicant shall furnish authorization for the  
 327 system and the commissioner to obtain an independent credit report  
 328 from a consumer reporting agency, as described in Section 603(p) of  
 329 the Fair Credit Reporting Act, 15 USC 1681a.

330 (2) Not later than April 1, 2010, each mortgage loan originator  
 331 licensee shall furnish to the system fingerprints for submission to the  
 332 Federal Bureau of Investigation and any governmental agency or  
 333 entity authorized to receive such information for a state, national and  
 334 international criminal history background check. By July 31, 2010, or  
 335 thirty days after the system commences accepting such authorizations  
 336 for processing, whichever is later, each such licensee shall furnish  
 337 authorization for the system and the commissioner to obtain an  
 338 independent credit report obtained from a consumer reporting agency

339 described in Section 603(p) of the Fair Credit Reporting Act, 15 USC  
340 1681a.

341 Sec. 12. Subdivision (2) of subsection (a) of section 36a-489 of the  
342 general statutes is repealed and the following is substituted in lieu  
343 thereof (*Effective October 1, 2011*):

344 (2) (A) The minimum standards for license renewal for a mortgage  
345 lender, mortgage correspondent lender or mortgage broker shall  
346 include the following: (i) The applicant continues to meet the  
347 minimum standards under subdivision (1) of this subsection; (ii)  
348 effective April 1, 2010, each qualified person and branch manager has  
349 completed the preclicensing education requirement described in section  
350 36a-489a, as amended by this act, and passed a written test that meets  
351 the test requirement described in section 36a-489a, as amended by this  
352 act, or has satisfied the annual continuing education requirements  
353 described in subsection (c) of section 36a-489a, as amended by this act,  
354 as applicable; and (iii) the mortgage lender, mortgage correspondent  
355 lender or mortgage broker has paid all required fees for renewal of the  
356 license.

357 (B) The license of a mortgage lender, mortgage correspondent  
358 lender or mortgage broker failing to satisfy the minimum standards for  
359 license renewal shall expire. The commissioner may adopt procedures  
360 for the reinstatement of expired licenses consistent with the standards  
361 established by the system. The commissioner may automatically  
362 suspend a mortgage lender, mortgage correspondent lender or  
363 mortgage broker license if the licensee receives a deficiency on the  
364 system indicating that the payment required by subparagraph (A) of  
365 this subdivision was Returned-ACH or returned pursuant to such  
366 other term as may be utilized by the system to indicate that the  
367 payment was not accepted. After a license has been automatically  
368 suspended pursuant to this section, the commissioner shall give such  
369 licensee notice of the automatic suspension, pending proceedings for a  
370 revocation or refusal to renew pursuant to section 36a-494 and an

371 opportunity for a hearing on such action in accordance with section  
 372 36a-51, as amended by this act, and require such licensee to take or  
 373 refrain from taking such action that, in the opinion of the  
 374 commissioner, will effectuate the purposes of this section.

375       Sec. 13. Subsection (b) of section 36a-489 of the general statutes is  
 376 repealed and the following is substituted in lieu thereof (*Effective*  
 377 *October 1, 2011*):

378       (b) (1) The commissioner shall not issue an initial license for a  
 379 mortgage loan originator, loan processor or underwriter unless the  
 380 commissioner, at a minimum, finds that the applicant has: (A) Never  
 381 had a mortgage loan originator or equivalent loan processor or  
 382 underwriter license revoked in any governmental jurisdiction, except  
 383 that a subsequent formal vacating of such revocation shall not be  
 384 deemed a revocation; (B) notwithstanding the provisions of section  
 385 46a-80, not been convicted of, or pled guilty or nolo contendere to, a  
 386 felony in a domestic, foreign or military court during the seven-year  
 387 period preceding the date of the application for licensing or at any  
 388 time preceding such date of application if such felony involved an act  
 389 of fraud, dishonesty, a breach of trust, or money laundering, provided  
 390 any pardon of a conviction shall not be a conviction for purposes of  
 391 this subdivision; (C) demonstrated financial responsibility, character  
 392 and general fitness so as to command the confidence of the community  
 393 and to warrant a determination that the mortgage loan originator or  
 394 loan processor or underwriter will operate honestly, fairly and  
 395 efficiently within the [purpose] purposes of sections 36a-485 to 36a-  
 396 498f, inclusive, 36a-534a and 36a-534b, as amended by this act; (D) for  
 397 mortgage loan originator applicants, effective April 1, 2010, and for  
 398 loan processor or underwriter applicants, effective October 1, 2011,  
 399 completed the prelicensing education requirement described in section  
 400 36a-489a, as amended by this act, and passed a written test that meets  
 401 the test requirement described in section 36a-489a, as amended by this  
 402 act; (E) effective July 31, 2010, met the surety bond requirement under  
 403 section 36a-492 and, effective October 1, 2011, in the case of a mortgage

404 loan originator required to be licensed under section 38 of this act, met  
405 the surety bond requirements under sections 36a-492 and 36a-671d, as  
406 amended by this act; and (F) not made a material misstatement in the  
407 application. If the commissioner denies an application for a mortgage  
408 loan originator, loan processor or underwriter license, the  
409 commissioner shall notify the applicant and may notify the sponsor or  
410 any other person the commissioner deems appropriate of the denial  
411 and the reasons for such denial.

412 (2) (A) The minimum standards for license renewal for a mortgage  
413 loan originator, loan processor or underwriter shall include the  
414 following: (i) The [mortgage loan originator] licensee continues to meet  
415 the minimum standards for license issuance under subdivision (1) of  
416 this subsection; (ii) the [mortgage loan originator] licensee has satisfied  
417 the annual continuing education requirements described in subsection  
418 (c) of section 36a-489a, as amended by this act; and (iii) the [mortgage  
419 loan originator] licensee has paid all required fees for renewal of the  
420 license.

421 (B) The license of a mortgage loan originator, loan processor or  
422 underwriter that fails to satisfy the minimum standards for license  
423 renewal shall expire. The commissioner may adopt procedures for the  
424 reinstatement of expired licenses consistent with the standards  
425 established by the system. The commissioner may automatically  
426 suspend a mortgage loan originator, loan processor or underwriter  
427 license if the licensee receives a deficiency on the system indicating  
428 that the payment required by subparagraph (A) of subdivision (2) of  
429 this subsection was Returned-ACH or returned pursuant to such other  
430 term as may be utilized by the system to indicate that the payment was  
431 not accepted. After a license has been automatically suspended  
432 pursuant to this section, the commissioner shall give such licensee  
433 notice of the automatic suspension, pending proceedings for  
434 revocation or refusal to renew pursuant to section 36a-494 and an  
435 opportunity for a hearing on such action in accordance with section  
436 36a-51, as amended by this act, and require such licensee to take or

437 refrain from taking such action that, in the opinion of the  
438 commissioner, will effectuate the purposes of this section.

439 (3) No later than April 1, 2010, each mortgage loan originator  
440 licensee shall have completed the prelicensing education requirement  
441 described in section 36a-489a, as amended by this act, and passed a  
442 written test that meets the test requirement described in section 36a-  
443 489a, as amended by this act, provided a mortgage loan originator  
444 licensee who was licensed as of the enactment of public act 09-209 shall  
445 have completed such prelicensing education requirement and passed  
446 such written test not later than October 31, 2010.

447 Sec. 14. Subsection (e) of section 36a-489 of the general statutes is  
448 repealed and the following is substituted in lieu thereof (*Effective from*  
449 *passage*):

450 (e) Notwithstanding the provisions of this section, the commissioner  
451 may deem an application for a license [as a mortgage lender, mortgage  
452 correspondent lender, mortgage broker or mortgage loan originator]  
453 under this section abandoned if the applicant fails to respond to any  
454 request for information required under sections 36a-485 to [36a-498a]  
455 36a-498f, inclusive, 36a-534a and 36a-534b or the regulations adopted  
456 pursuant to said sections. The commissioner shall notify the applicant  
457 in writing on the system that if such information is not submitted  
458 within sixty days the application shall be deemed abandoned. An  
459 application filing fee paid prior to the date an application is deemed  
460 abandoned pursuant to this subsection shall not be refunded.  
461 Abandonment of an application pursuant to this subsection shall not  
462 preclude the applicant from submitting a new application for a license  
463 under said sections 36a-485 to [36a-498a] 36a-498f, inclusive, 36a-534a  
464 and 36a-534b.

465 Sec. 15. Section 36a-489a of the general statutes is repealed and the  
466 following is substituted in lieu thereof (*Effective from passage*):

467 (a) (1) In order to meet the prelicensing education and testing

468 [requirement] requirements referred to in [section] sections 36a-488  
469 and 36a-489, as amended by this act, an [applicant] individual shall  
470 complete at least twenty hours of education approved in accordance  
471 with subdivision (2) of this subsection, which shall include at least (A)  
472 three hours of instruction on relevant federal law and regulations; (B)  
473 three hours of ethics, including instruction on fraud, consumer  
474 protection and fair lending issues; and (C) two hours of training  
475 related to lending standards for the nontraditional mortgage product  
476 marketplace.

477 (2) For purposes of subdivision (1) of this subsection, prelicensing  
478 education courses shall be reviewed and approved by the system  
479 based upon reasonable standards. Review and approval of a  
480 prelicensing education course shall include review and approval of the  
481 course provider.

482 (3) Nothing in this subsection shall preclude any prelicensing  
483 education course, as approved by the system, that is provided by the  
484 sponsor or employer of the [applicant] individual or an entity which is  
485 affiliated with the [applicant] individual by an agency contract, or any  
486 subsidiary or affiliate of such sponsor, employer or entity.

487 (4) Prelicensing education may be offered either in a classroom,  
488 online or by any other means approved by the system.

489 (5) When prelicensing education requirements described in  
490 subdivision (1) of this subsection are completed in another state, such  
491 out-of-state prelicensing education requirements shall be accepted as  
492 credit towards completion of the prelicensing education requirements  
493 of this state, provided such out-of-state prelicensing education  
494 requirements are approved by the system.

495 (6) ~~(A)~~ [A person] An individual previously licensed under section  
496 36a-489, as amended by this act, subsequent to the applicable effective  
497 date of the prelicensing and testing requirements referred to in section  
498 36a-489, as amended by this act, who is applying to be [licensed again]

499 relicensed shall prove that such [person] individual has completed all  
500 of the continuing education requirements for the year in which the  
501 license was last held.

502 (B) An individual who previously held a position as a qualified  
503 individual or branch manager subsequent to the applicable effective  
504 date of the prelicensing and testing requirement referred to in section  
505 36a-488, as amended by this act, may not hold such position again  
506 until such individual has completed all of the continuing education  
507 requirements for the year in which such individual last held such  
508 position.

509 (b) (1) In order to meet the written test [requirement] requirements  
510 referred to in [section] sections 36a-488 and 36a-489, as amended by  
511 this act, an individual shall pass, in accordance with the standards  
512 established under this subsection, a qualified written test developed by  
513 the system and administered by a test provider approved by the  
514 system based upon reasonable standards.

515 (2) A written test shall not be treated as a qualified written test for  
516 purposes of subdivision (1) of this subsection unless the test  
517 adequately measures the [applicant's] individual's knowledge and  
518 comprehension in appropriate subject areas, including ethics, federal  
519 law and regulation pertaining to mortgage origination, state law and  
520 regulation pertaining to mortgage origination, and federal and state  
521 law and regulation, including instruction on fraud, consumer  
522 protection, the nontraditional mortgage marketplace and fair lending  
523 issues.

524 (3) Nothing in this subsection shall prohibit a test provider  
525 approved by the system from providing a test at the location of the  
526 sponsor [of the applicant] or employer, any subsidiary or affiliate of  
527 the sponsor [of the applicant] or employer or any entity with which the  
528 [applicant] individual holds an exclusive arrangement to conduct the  
529 business of a mortgage loan originator or acts as a qualified individual  
530 or branch manager.

531 (4) (A) An individual shall not be considered to have passed a  
532 qualified written test unless the individual achieves a test score of not  
533 less than seventy-five per cent correct answers to questions.

534 (B) An individual may retake a test [~~three~~] four consecutive times  
535 with each consecutive taking occurring at least thirty days after the  
536 preceding test. After failing [~~three~~] four consecutive tests, an  
537 individual shall wait at least six months before taking the test again.

538 (C) [A licensed mortgage lender, mortgage correspondent lender,  
539 mortgage broker or] (i) An individual who was licensed subsequent to  
540 the applicable effective date of the prelicensing and testing  
541 requirements referred to in section 36a-489 who has not been licensed  
542 as a mortgage loan originator [who fails to maintain a valid license for  
543 a period of five years or longer,] within the five-year period preceding  
544 the date of the filing of such individual's application for a mortgage  
545 loan originator license, not taking into account any time during which  
546 such individual is a registered mortgage loan originator, shall retake  
547 such test; (ii) a qualified individual or branch manager who held such  
548 a position after the effective date of prelicensing education and testing  
549 referred to in section 36a-488, and who has not held such position  
550 within the five-year period preceding the date of the filing on the  
551 system designating such individual as a qualified individual or branch  
552 manager shall retake such test, unless such individual was licensed as  
553 a mortgage loan originator during the five-year period preceding the  
554 date of the filing on the system designating such individual as a  
555 qualified individual or branch manager, not taking into account any  
556 time during which such individual is a registered mortgage loan  
557 originator; [, shall retake the test] and (iii) effective October 1, 2011, an  
558 individual licensed as a loan processor or underwriter who applies to  
559 be relicensed shall retake the test if such individual has not been  
560 licensed as a loan processor or underwriter within the five-year period  
561 preceding the date of the filing of such application, not taking into  
562 account any time during which such individual is engaged in loan  
563 processing or underwriting but not required to be licensed under

564 subdivision (3) of subsection (b) of section 36a-486, as amended by this  
565 act, shall retake the test.

566 (c) (1) In order to meet the annual continuing education  
567 requirements referred to in [subdivision (2) of subsection (b)]  
568 subsections (a) and (b) of section 36a-489, as amended by this act, a  
569 licensed mortgage loan originator, a qualified individual or branch  
570 manager and, effective October 1, 2011, a licensed loan processor or  
571 underwriter shall complete at least eight hours of education approved  
572 in accordance with subdivision (2) of this subsection. Such courses  
573 shall include at least (A) three hours of instruction on relevant federal  
574 law and regulation; (B) two hours of ethics, including instruction on  
575 fraud, consumer protection and fair lending issues; and (C) two hours  
576 of training related to lending standards for the nontraditional  
577 mortgage product marketplace.

578 (2) For purposes of subdivision (1) of this subsection, continuing  
579 education courses shall be reviewed and approved by the system  
580 based upon reasonable standards. Review and approval of a  
581 continuing education course shall include review and approval of the  
582 course provider.

583 (3) Nothing in this subsection shall preclude any education course  
584 approved by the system that is provided by the sponsor [of the  
585 mortgage loan originator] or employer or an entity that is affiliated  
586 with the mortgage loan originator, qualified individual or branch  
587 manager or, effective October 1, 2011, loan processor or underwriter by  
588 an agency contract, or by any subsidiary or affiliate of such sponsor,  
589 employer or entity.

590 (4) Continuing education may be offered either in a classroom,  
591 online or by any other means approved by the system.

592 (5) Except as [otherwise] provided in procedures adopted under  
593 [subparagraph (B) of subdivision (2) of subsection] subsections (a) and  
594 (b) of section 36a-489, as amended by this act, or in regulations

595 adopted under subdivision (9) of this subsection, a licensed mortgage  
596 loan originator, qualified individual or branch manager or, effective  
597 October 1, 2011, a licensed loan processor or underwriter, may only  
598 receive credit for a continuing education course in the year in which  
599 the course is taken, and may not take the same approved course in the  
600 same or successive years to meet the annual requirements for  
601 continuing education.

602 (6) A licensed mortgage loan originator or a qualified individual or  
603 branch manager or, effective October 1, 2011, a licensed loan processor  
604 or underwriter who is an approved instructor of an approved  
605 continuing education course may receive credit for the licensee's own  
606 annual continuing education requirement at the rate of two hours  
607 credit for every one hour taught.

608 (7) When education requirements described in subdivision (1) of  
609 subsection (a) of this section are completed in another state, such out-  
610 of-state education requirements shall be accepted as credit towards  
611 completion of the education requirements of this state, provided such  
612 out-of-state education requirements are approved by the system.

613 (8) A licensed mortgage loan originator and, effective October 1,  
614 2011, a licensed loan processor or underwriter who subsequently  
615 becomes unlicensed must complete the continuing education  
616 requirements for the last year in which the license was held prior to  
617 issuance of an initial or renewed license. A qualified individual or  
618 branch manager who ceases to hold such position shall complete the  
619 continuing education requirements for the last year in which such  
620 individual or branch manager held such position prior to holding such  
621 position again.

622 (9) A person who meets the requirements of subparagraphs (A)(i)  
623 and (A)(iii) of subdivision (2) of subsection (a) or (b) of section 36a-489,  
624 as amended by this act, may compensate for any deficiency in  
625 continuing education requirements pursuant to regulations adopted  
626 by the commissioner.

627 (d) For purposes of this section "nontraditional mortgage product"  
628 means any mortgage product other than a thirty-year fixed rate  
629 mortgage, [, and "system" has the same meaning as provided in section  
630 36a-485.]

631 Sec. 16. Subsections (a) and (b) of section 36a-490 of the general  
632 statutes are repealed and the following is substituted in lieu thereof  
633 (*Effective from passage*):

634 (a) (1) A mortgage lender, mortgage correspondent lender and  
635 mortgage broker license shall not be transferable or assignable. No  
636 licensee may use any name other than its legal name or a fictitious  
637 name approved by the commissioner, provided such licensee may not  
638 use its legal name if the commissioner disapproves use of such name.  
639 Any licensee who intends to permanently cease engaging in the  
640 business of making residential mortgage loans or acting as a mortgage  
641 broker at any time during a license period for any cause, including, but  
642 not limited to, bankruptcy [, license revocation] or voluntary  
643 dissolution, shall file a request to surrender the license for each office  
644 at which the licensee intends to cease to do business, on the system,  
645 not later than fifteen days after the date of such cessation, provided  
646 this requirement shall not apply when a license has been suspended  
647 pursuant to section 36a-51. No surrender shall be effective until  
648 accepted by the commissioner.

649 (2) A mortgage loan originator licensee who intends to permanently  
650 cease engaging in the business of a mortgage loan originator at any  
651 time during a license period for any cause, including, but not limited  
652 to, bankruptcy, shall file a request to surrender the license on the  
653 system not later than fifteen days after the date of such cessation,  
654 provided this requirement shall not apply when a license has been  
655 suspended pursuant to section 36a-51, as amended by this act. No  
656 surrender shall be effective until accepted by the commissioner.

657 (3) Effective October 1, 2011, a loan processor or underwriter  
658 licensee who intends to permanently cease engaging in the activities of

659 a loan processor or underwriter at any time during a license period for  
660 any cause, including, but not limited to, bankruptcy, shall file a request  
661 to surrender the license on the system not later than fifteen days after  
662 the date of such cessation, provided this requirement shall not apply  
663 when a license has been suspended pursuant to section 36a-51, as  
664 amended by this act. No surrender shall be effective until accepted by  
665 the commissioner.

666 (b) A mortgage lender, mortgage correspondent lender or mortgage  
667 broker licensee may change the name of the licensee or address of the  
668 office specified on the most recent filing with the system if (1) at least  
669 thirty calendar days prior to such change, the licensee files such  
670 change with the system and, in the case of a main branch or office,  
671 provides, directly to the commissioner, a bond rider or endorsement,  
672 or addendum, as applicable, to the surety bond on file with the  
673 commissioner that reflects the new name or address of the main or  
674 branch office, and (2) the commissioner does not disapprove such  
675 change, in writing, or request further information within such thirty-  
676 day period. The licensee shall promptly file any change in the  
677 information most recently submitted in connection with the license  
678 with the system or, if the information cannot be filed on the system,  
679 directly notify the commissioner, in writing, of such change in the  
680 information.

681 Sec. 17. Subsections (d) and (e) of section 36a-490 of the general  
682 statutes are repealed and the following is substituted in lieu thereof  
683 (*Effective from passage*):

684 (d) Each mortgage loan originator licensee and, effective October 1,  
685 2011, each loan processor or underwriter licensee shall promptly file  
686 with the system or, if the information cannot be filed on the system,  
687 directly notify the commissioner, in writing, of any change in the  
688 information most recently submitted in connection with the license  
689 and of the occurrence of any of the following developments:

690 (1) Filing for bankruptcy of the [mortgage loan originator] licensee;

691 (2) Filing of a criminal indictment against the [mortgage loan  
692 originator] licensee;

693 (3) Receiving notification of the institution of license or registration  
694 denial, cease and desist, suspension or revocation procedures, or other  
695 formal or informal regulatory action by any governmental agency  
696 against the [mortgage loan originator] licensee and the reasons  
697 therefor; or

698 (4) Receiving notification of the initiation of any action against the  
699 [mortgage loan originator] licensee by the Attorney General or the  
700 attorney general of any other state and the reasons therefor.

701 (e) Each mortgage lender, mortgage correspondent lender,  
702 mortgage broker, [and] mortgage loan originator, loan processor and  
703 underwriter license shall remain in force and effect until it has been  
704 surrendered, revoked or suspended, or until it expires or is no longer  
705 effective, in accordance with the provisions of this title.

706 Sec. 18. Section 36a-491 of the general statutes is repealed and the  
707 following is substituted in lieu thereof (*Effective October 1, 2011*):

708 (a) [The expiration date of any mortgage lender, mortgage  
709 correspondent lender and mortgage broker license that expires on  
710 September 30, 2008, shall be extended to the close of business on  
711 December 31, 2008. On and after July 1, 2008, each] Each mortgage  
712 lender, mortgage correspondent lender, mortgage broker, [and]  
713 mortgage loan originator and each loan processor or underwriter  
714 license shall expire at the close of business on December thirty-first of  
715 the year in which it is approved, unless such license is renewed, and  
716 provided any such license that is approved on or after November first  
717 shall expire at the close of business on December thirty-first of the year  
718 following the year in which it is approved. An application for renewal  
719 of a license shall be filed between November first and December thirty-  
720 first of the year in which the license expires. Each applicant for an  
721 initial license or renewal of a license as a mortgage lender or mortgage

722 correspondent lender shall pay to the system any required fees or  
 723 charges and a license fee of one thousand dollars, and each applicant  
 724 for an initial or renewal license as a mortgage broker shall pay to the  
 725 system any required fees or charges and a license fee of five hundred  
 726 dollars, provided each mortgage lender or mortgage correspondent  
 727 lender licensee who is a licensee on September 30, 2008, who submits a  
 728 renewal application shall, at the time of making such application, pay  
 729 to the system any required fees or charges and a license fee of one  
 730 thousand one hundred twenty-five dollars and each mortgage broker  
 731 who was a licensee on June 30, 2008, who submits a renewal  
 732 application shall, at the time of making such application, pay to the  
 733 system any required fees or charges and a license fee of five hundred  
 734 sixty-five dollars. [Effective November 1, 2009, each] Each applicant for  
 735 an initial license or renewal of a license as a mortgage loan originator,  
 736 loan processor or underwriter shall pay to the system any required  
 737 fees or charges and a license fee of three hundred dollars.

738 (b) All fees paid pursuant to this section, including fees paid in  
 739 connection with an application that is denied or withdrawn prior to  
 740 the issuance of the license, shall be nonrefundable. [, provided any  
 741 license fee paid by an originator for a license that is not sponsored by a  
 742 mortgage lender, mortgage correspondent lender or mortgage broker  
 743 may be refundable.] No fee paid pursuant to this section shall be  
 744 prorated if the license is surrendered, revoked or suspended prior to  
 745 the expiration of the period for which it was approved.

746 Sec. 19. Section 36a-492 of the general statutes is repealed and the  
 747 following is substituted in lieu thereof (*Effective July 1, 2011*):

748 [(a) (1) No mortgage lender, mortgage correspondent lender or  
 749 mortgage broker license, and no renewal thereof, shall be granted  
 750 unless the applicant has filed a bond with the commissioner written by  
 751 a surety authorized to write such bonds in this state, in the sum of  
 752 forty thousand dollars, the form of which shall be approved by the  
 753 Attorney General. Effective July 31, 2010, the penal sum of the bond

754 shall be maintained in an amount that reflects the dollar amount of the  
755 loans originated by the mortgage lender, mortgage correspondent  
756 lender or mortgage broker, as determined by the commissioner.

757 (2) Effective July 31, 2010, each person licensed as a mortgage loan  
758 originator shall be covered by a surety bond in accordance with this  
759 section, provided such coverage shall be provided through the bond of  
760 the mortgage lender, mortgage correspondent lender or mortgage  
761 broker who sponsors such mortgage loan originator. The penal sum of  
762 the bond shall be maintained in an amount that reflects the dollar  
763 amount of loans originated by the mortgage loan originator, as  
764 determined by the commissioner. The commissioner may adopt  
765 regulations in accordance with chapter 54 with respect to the  
766 requirements for such surety bonds.]

767 (a) (1) Each licensed mortgage lender, mortgage correspondent  
768 lender and mortgage broker shall file with the commissioner a single  
769 surety bond, written by a surety authorized to write such bonds in this  
770 state, covering its main office and file an addendum to such bond to  
771 cover any branch office, in a penal sum determined in accordance with  
772 subsection (d) of this section, provided the penal sum of the bond for  
773 licensed mortgage lenders and mortgage correspondent lenders shall  
774 be not less than one hundred thousand dollars and the penal sum of  
775 the bond for mortgage brokers shall be not less than fifty thousand  
776 dollars. The bond shall cover all mortgage loan originators sponsored  
777 by such licensee.

778 (2) Each mortgage loan originator licensee shall be covered by a  
779 surety bond with a penal sum in an amount that reflects the dollar  
780 amount of loans originated by such mortgage loan originator in  
781 accordance with subsection (d) of this section, provided such coverage  
782 shall be provided through a single surety bond filed with the  
783 commissioner by the person who sponsors such mortgage loan  
784 originator.

785 (3) Effective October 1, 2011, (A) in the case of an exempt registrant

786 under subdivision (1) of subsection (a) of section 36a-487, as amended  
787 by this act, (i) the surety bond shall cover all mortgage loan originators  
788 sponsored by such exempt registrant and comply with the  
789 requirements set forth in this section, and (ii) the penal sum of such  
790 bond shall be in an amount determined in accordance with subsection  
791 (d) of this section, provided the penal sum of the bond shall be not less  
792 than one hundred thousand dollars; (B) in the case of an exempt  
793 registrant under subsection (b) of section 36a-487, as amended by this  
794 act, (i) the surety bond shall cover all mortgage loan originators  
795 sponsored by such exempt registrant and comply with the  
796 requirements set forth in this section, and (ii) the penal sum of the  
797 bond shall be in an amount determined in accordance with subsection  
798 (d) of this section, provided the penal sum shall be not less than fifty  
799 thousand dollars; and (C) in the case of an exempt registrant under  
800 subdivision (2) of subsection (a) of section 36a-487, as amended by this  
801 act, the surety bond shall cover all mortgage loan originators  
802 sponsored by such exempt registrant and comply with the  
803 requirements set forth in section 36a-671d, as amended by this act.

804 (4) (A) The principal on a bond required by subdivisions (1) and (2)  
805 of this subsection shall annually confirm that it maintains the required  
806 penal sum in an amount required by subsection (d) of this section. Not  
807 later than September 1, 2011, and every September first thereafter, such  
808 principal shall file such information as the commissioner may require  
809 under subsection (d) of this section and shall file, not later than  
810 September first of the applicable year, or on such other date as the  
811 commissioner may require, pursuant to subdivision (d) of this section,  
812 any bond rider or endorsement to the surety bond on file with the  
813 commissioner to reflect any changes necessary to maintain the surety  
814 bond coverage required by this section.

815 (B) Effective October 1, 2011, the principal on a bond required by  
816 subdivision (3) of subsection (a) of this section shall annually confirm  
817 that it maintains the required penal sum in an amount required by  
818 subsection (d) of this section. Not later than September 1, 2012, and

819 every September first thereafter, such principal shall file such  
820 information as the commissioner may require under subsection (d) of  
821 this section and shall file, not later than September first of the  
822 applicable year, or on such other date as the commissioner may require  
823 pursuant to subdivision (d) of this section, any bond rider or  
824 endorsement to the surety bond on file with the commissioner to  
825 reflect any changes necessary to maintain the surety bond coverage  
826 required by this section.

827 (5) The commissioner may adopt regulations in accordance with  
828 chapter 54 with respect to the requirements for such surety bonds.

829 (b) The bond required by subsection (a) of this section shall be (1) in  
830 a form approved by the Attorney General, and (2) conditioned upon  
831 [such] the mortgage lender, mortgage correspondent lender or  
832 mortgage broker licensee and [, effective July 31, 2010,] any mortgage  
833 loan originator [who is covered by the surety bond of a mortgage  
834 lender, mortgage correspondent lender or mortgage broker,] licensee  
835 sponsored by such mortgage lender, mortgage correspondent lender  
836 or mortgage broker or, in the case of a mortgage loan originator  
837 licensee sponsored after October 1, 2011, by an exempt registrant, upon  
838 such mortgage loan originator licensee faithfully performing any and  
839 all written agreements or commitments with or for the benefit of  
840 borrowers and prospective borrowers, truly and faithfully accounting  
841 for all funds received from a borrower or prospective borrower by the  
842 licensee in the licensee's capacity as a mortgage lender, mortgage  
843 correspondent lender, [or a] mortgage broker or [, effective July 31,  
844 2010, a] mortgage loan originator, and conducting such mortgage  
845 business consistent with the provisions of sections 36a-485 to 36a-498f,  
846 inclusive, as amended by this act, 36a-534a and 36a-534b. Any  
847 borrower or prospective borrower who may be damaged by failure to  
848 perform any written agreements or commitments, or by the wrongful  
849 conversion of funds paid by a borrower or prospective borrower to a  
850 licensee, may proceed on such bond against the principal or surety  
851 thereon, or both, to recover damages. Commencing August 1, 2009,

852 any borrower or prospective borrower who may be damaged by a  
853 mortgage lender, mortgage correspondent lender, mortgage broker or  
854 mortgage loan originator licensee's failure to satisfy a judgment  
855 against the licensee arising from the making or brokering of a  
856 nonprime home loan, as defined in section 36a-760, as amended by this  
857 act, may proceed on such bond against the principal or surety thereon,  
858 or both, to recover the amount of the judgment. The commissioner  
859 may proceed on such bond against the principal or surety thereon, or  
860 both, to collect any civil penalty imposed upon [the] a licensee  
861 pursuant to subsection (a) of section 36a-50 and any unpaid costs of  
862 examination of [the] a licensee as determined pursuant to section 36a-  
863 65. The proceeds of the bond, even if commingled with other assets of  
864 the [licensee] principal, shall be deemed by operation of law to be held  
865 in trust for the benefit of such claimants against the [licensee] principal  
866 in the event of bankruptcy of the [licensee] principal and shall be  
867 immune from attachment by creditors and judgment creditors. The  
868 bond shall run concurrently with the period of the license [granted to  
869 the applicant,] for the main office and the aggregate liability under the  
870 bond shall not exceed the penal sum of the bond. The [licensee]  
871 principal shall notify the commissioner of the commencement of an  
872 action on the [licensee's] bond. When an action is commenced on a  
873 [licensee's] principal's bond, the commissioner may require the filing  
874 of a new bond and immediately on recovery on any action on the  
875 bond, the [licensee] principal shall file a new bond.

876 (c) The surety company shall have the right to cancel the bond at  
877 any time by a written notice to the [licensee] principal stating the date  
878 cancellation shall take effect. Such notice shall be sent by certified mail  
879 to the [licensee] principal at least thirty days prior to the date of  
880 cancellation. A surety bond shall not be cancelled unless the surety  
881 company notifies the commissioner in writing not less than thirty days  
882 prior to the effective date of cancellation. After receipt of such  
883 notification from the surety company, the commissioner shall give  
884 written notice to the [licensee] principal of the date such bond  
885 cancellation shall take effect and such notice shall be deemed notice to

886 each mortgage loan originator licensee sponsored by such principal.  
 887 The commissioner shall automatically suspend the [license on such  
 888 date, unless the licensee prior to such date] licenses of a mortgage  
 889 lender, mortgage correspondent lender or mortgage broker on such  
 890 date and inactivate the licenses of the mortgage loan originators  
 891 sponsored by such exempt registrant. No automatic suspension or  
 892 inactivation shall occur if, prior to the date that the bond cancellation  
 893 shall take effect, (1) the principal submits a letter of reinstatement of  
 894 the bond from the surety company or a new bond, [or] the (2)  
 895 mortgage lender, mortgage correspondent or mortgage broker licensee  
 896 has ceased business and has surrendered [the license] all licenses in  
 897 accordance with subsection (a) of section 36a-490, or (3) in the case of a  
 898 mortgage loan originator licensee, the mortgage loan originator  
 899 licensee has terminated sponsorship with the mortgage lender,  
 900 mortgage correspondent lender or mortgage broker who was  
 901 automatically suspended pursuant to this section or, after October 1,  
 902 2011, with the exempt registrant who failed to provide the bond  
 903 required by this section, requested a new sponsor and such  
 904 sponsorship has been approved. After a mortgage lender, mortgage  
 905 correspondent lender or mortgage broker license has been  
 906 automatically suspended pursuant to this section, the commissioner  
 907 shall give [the] such licensee notice of the automatic suspension,  
 908 pending proceedings for revocation or refusal to renew pursuant to  
 909 section 36a-494 and an opportunity for a hearing on such action in  
 910 accordance with section 36a-51, as amended by this act, and require  
 911 [the] such licensee to take or refrain from taking such action as in the  
 912 opinion of the commissioner will effectuate the purposes of this  
 913 section. Effective October 1, 2011, the commissioner may provide  
 914 information to an exempt registrant concerning actions taken by the  
 915 commissioner pursuant to this subsection against any mortgage loan  
 916 originator licensee that was sponsored and bonded by such exempt  
 917 registrant.

918 (d) The penal sum of the bond required by subdivisions (1) to (3),  
 919 inclusive, at subsection (a) of this section shall be determined as

920 follows:

921 (1) An applicant for an initial mortgage lender license or mortgage  
922 correspondent lender license shall file a bond in a penal sum of one  
923 hundred thousand dollars in connection with its application for the  
924 main office.

925 (2) An applicant for an initial mortgage broker license shall file a  
926 bond in a penal sum of fifty thousand dollars in connection with its  
927 application for the main office.

928 (3) Effective October 1, 2011, an exempt registrant under subsection  
929 (c) of section 36a-487, as amended by this act, who is exempt from  
930 licensing under subdivision (1) of subsection (a) of section 36a-487, as  
931 amended by this act, shall file a bond in a penal sum of one hundred  
932 thousand dollars the first time such exempt registrant sponsors a  
933 mortgage loan originator.

934 (4) Effective October 1, 2011, an exempt registrant under subsection  
935 (c) of section 36a-487, as amended by this act, who is exempt from  
936 licensure under subsection (b) of section 36a-487, as amended by this  
937 act, shall file a bond in a penal sum of fifty thousand dollars the first  
938 time such exempt registrant sponsors a mortgage loan originator.

939 (5) Effective October 1, 2011, an exempt registrant under subsection  
940 (c) of section 36a-487, as amended by this act, who is exempt from  
941 licensure under subdivision (2) of subsection (a) of section 36a-487, as  
942 amended by this act, shall file a bond in a penal sum as set forth in  
943 section 36a-671d, as amended by this act.

944 (6) (A) For mortgage lender and mortgage correspondent lender  
945 licensees, and, after October 1, 2011, persons sponsoring and bonding  
946 at least one mortgage loan originator as an exempt registrant under  
947 subsection (c) of section 36a-487, as amended by this act, and who are  
948 exempt from licensing under subdivision (1) of subsection (a) of  
949 section 36a-487, as amended by this act, if (i) the aggregate dollar

950 amount of all residential mortgage loans originated by such licensee at  
951 all licensed locations or by the exempt registrant during the preceding  
952 twelve-month period ending July thirty-first of the current year is less  
953 than thirty million dollars, the penal sum of the bond shall be one  
954 hundred thousand dollars; (ii) the aggregate dollar amount of all  
955 residential mortgage loans originated by such licensee at all licensed  
956 locations or by the exempt registrant during the preceding twelve-  
957 month period ending July thirty-first of the current year is thirty  
958 million dollars or more but less than one hundred million dollars, the  
959 penal sum of the bond shall be two hundred thousand dollars; (iii) the  
960 aggregate dollar amount of all residential mortgage loans originated  
961 by such licensee at all licensed locations or by the exempt registrant  
962 during the preceding twelve-month period ending July thirty-first of  
963 the current year is one hundred million dollars or more but less than  
964 two hundred fifty million dollars, the penal sum of the bond shall be  
965 three hundred thousand dollars; and (iv) the aggregate dollar amount  
966 of all residential mortgage loans originated by such licensee at all  
967 licensed locations or by the exempt registrant during the preceding  
968 twelve-month period ending July thirty-first of the current year is two  
969 hundred fifty million dollars or more, the penal sum of the bond shall  
970 be five hundred thousand dollars.

971 (B) For mortgage broker licensees and, after October 1, 2011, persons  
972 who are sponsoring and bonding at least one mortgage loan originator  
973 as an exempt registrant under subsection (c) of section 36a-487, as  
974 amended by this act, and who are exempt from licensing under  
975 subsection (b) of section 36a-487, as amended by this act, if (i) the  
976 aggregate dollar amount of all residential mortgage loans originated  
977 by such licensee at all licensed locations or by the exempt registrant  
978 during the preceding twelve-month period ending July thirty-first of  
979 the current year is less than thirty million dollars, the penal sum of the  
980 bond shall be fifty thousand dollars; (ii) the aggregate dollar amount of  
981 all residential mortgage loans originated by such licensee at all  
982 licensed locations or by the exempt registrant during the preceding  
983 twelve-month period ending July thirty-first of the current year is

984 thirty million dollars or more but less than fifty million dollars, the  
985 penal sum of the bond shall be one hundred thousand dollars; and (iii)  
986 the aggregate dollar amount of all residential mortgage loans  
987 originated by such licensee at all licensed locations or by the exempt  
988 registrant during the preceding twelve-month period ending July  
989 thirty-first of the current year is fifty million dollars or more, the penal  
990 sum of the bond shall be one hundred fifty thousand dollars.

991 (7) For purposes of this subsection, the aggregate dollar amount of  
992 all residential mortgage loans originated by such licensee or, after  
993 October 1, 2011, such exempt registrant, includes the aggregate dollar  
994 amount of all closed residential mortgage loans that the licensee or  
995 exempt registrant originated, brokered or made, as applicable.

996 (8) Financial information necessary to verify the aggregate dollar  
997 amount of residential mortgage loans originated shall be filed with the  
998 commissioner, as the commissioner may require, and shall be reported  
999 on the system at such time and in such form as the system may  
1000 require.

1001 (9) The commissioner may require a change in the penal sum of the  
1002 bond if the commissioner determines at any time that the aggregate  
1003 dollar amount of all residential mortgage loans originated warrants a  
1004 change in the penal sum of the bond.

1005 Sec. 20. Subdivision (2) of subsection (a) of section 36a-494 of the  
1006 general statutes is repealed and the following is substituted in lieu  
1007 thereof (*Effective October 1, 2011*):

1008 (2) The commissioner may suspend, revoke or refuse to renew any  
1009 mortgage loan originator license or any loan processor or underwriter  
1010 license or take any other action, in accordance with the provisions of  
1011 section 36a-51, for any reason which would be sufficient grounds for  
1012 the commissioner to deny an application for such license under  
1013 sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b, or if the  
1014 commissioner finds that the licensee has committed any fraud,

1015 misappropriated funds, misrepresented, concealed, suppressed,  
1016 intentionally omitted or otherwise intentionally failed to disclose any  
1017 of the material particulars of any residential mortgage loan transaction  
1018 or has violated any of the provisions of this title or of any regulations  
1019 adopted pursuant to such title or any other law or regulation  
1020 applicable to the conduct of such licensee's business.

1021       Sec. 21. Section 36a-498d of the general statutes is repealed and the  
1022 following is substituted in lieu thereof (*Effective October 1, 2011*):

1023       The ["unique identifier", as defined in section 36a-485,] unique  
1024 identifier of any mortgage loan originator or loan processor or  
1025 underwriter licensed under section 36a-489, as amended by this act,  
1026 [originating a residential mortgage loan] shall be clearly shown on all  
1027 residential mortgage loan application forms, solicitations or  
1028 advertisements, including business cards or web sites, and any other  
1029 documents as established by rule, regulation or order of the [Banking  
1030 Commissioner] commissioner.

1031       Sec. 22. Subdivision (6) of section 36a-498e of the general statutes is  
1032 repealed and the following is substituted in lieu thereof (*Effective*  
1033 *October 1, 2011*):

1034       (6) Conduct any business as a mortgage lender, mortgage  
1035 correspondent lender, mortgage broker, [or] mortgage loan originator,  
1036 loan processor or underwriter without holding a valid license as  
1037 required under sections 36a-485 to 36a-498f, inclusive, as amended by  
1038 this act, 36a-534a and 36a-534b, as amended by this act, or assist or  
1039 aide and abet any person in the conduct of business as a mortgage  
1040 lender, mortgage correspondent lender, mortgage broker, [or]  
1041 mortgage loan originator, loan processor or underwriter without a  
1042 valid license as required under said sections;

1043       Sec. 23. Subdivision (1) of subsection (a) of section 36a-534b of the  
1044 general statutes is repealed and the following is substituted in lieu  
1045 thereof (*Effective October 1, 2011*):

1046 (a) (1) In addition to any other duties imposed upon the [Banking  
 1047 Commissioner] commissioner by law, the commissioner shall require  
 1048 mortgage lenders, mortgage correspondent lenders, mortgage brokers,  
 1049 [and] mortgage loan originators, loan processors or underwriters to be  
 1050 licensed and registered through the system. In order to carry out this  
 1051 requirement, the commissioner shall participate in the system and  
 1052 permit the system to process applications for mortgage lender,  
 1053 mortgage correspondent lender, mortgage broker, [and] mortgage loan  
 1054 originator and loan processor or underwriter licenses in this state and  
 1055 receive and maintain records related to such licenses that are allowed  
 1056 or required to be maintained by the commissioner. For this purpose,  
 1057 the commissioner may establish requirements as necessary for  
 1058 participation in the system, including: (A) Background checks for  
 1059 criminal history through (i) fingerprint or other databases, (ii) civil or  
 1060 administrative records, or (iii) credit history or any other information  
 1061 as deemed necessary by the system; (B) the payment of fees to apply  
 1062 for or renew licenses through the system; (C) the setting or resetting of  
 1063 renewal or reporting dates; and (D) the requirements for amending or  
 1064 surrendering a license or any other such activities as the commissioner  
 1065 deems necessary for participation in the system. For the purpose of  
 1066 participating in the system, the commissioner may waive or modify, in  
 1067 whole or in part, by regulation or order, any requirement of sections  
 1068 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and  
 1069 36a-534b, as amended by this act, and to establish new requirements as  
 1070 reasonably necessary to participate in the system. For the purposes of  
 1071 implementing an orderly and efficient licensing process, the  
 1072 commissioner may adopt licensing regulations, in accordance with the  
 1073 provisions of chapter 54, and interim procedures for licensing and  
 1074 acceptance of applications. For previously licensed individuals, the  
 1075 commissioner may establish expedited review and licensing  
 1076 procedures.

1077 Sec. 24. Subdivision (6) of subsection (a) of section 36a-534b of the  
 1078 general statutes is repealed and the following is substituted in lieu  
 1079 thereof (*Effective October 1, 2011*):

1080 (6) The commissioner shall establish a process whereby mortgage  
1081 lenders, mortgage correspondent lenders, mortgage brokers, [and]  
1082 mortgage loan originators, loan processors and underwriters may  
1083 challenge information entered into the system by the commissioner.

1084 Sec. 25. Subdivision (3) of subsection (c) of section 36a-534b of the  
1085 general statutes is repealed and the following is substituted in lieu  
1086 thereof (*Effective October 1, 2011*):

1087 (3) Any person making any filing or submission of any information  
1088 on the system shall do so in accordance with the procedures and  
1089 requirements of the system and pay the applicable fees or charges to  
1090 the system. Each mortgage lender, mortgage correspondent lender,  
1091 mortgage broker, [and] mortgage loan originator, loan processor and  
1092 underwriter licensee shall submit to the system reports of condition  
1093 that shall be in such form and shall contain such information as the  
1094 system may require.

1095 Sec. 26. Section 36a-537 of the general statutes is repealed and the  
1096 following is substituted in lieu thereof (*Effective October 1, 2011*):

1097 The application for a license as a sales finance company shall be on a  
1098 form prescribed by the commissioner, in writing and under oath,  
1099 together with such exhibits and other pertinent information as the  
1100 commissioner may require. The application shall include (1) the  
1101 history of criminal convictions [for the ten-year period prior to the date  
1102 of the application] of the applicant; and the partners, if the applicant is  
1103 a partnership; the members, if the applicant is a limited liability  
1104 company or association; or the officers, directors and principal  
1105 employees if the applicant is a corporation; and (2) sufficient  
1106 information pertaining to the history of criminal convictions, in a form  
1107 acceptable to the commissioner, on such applicant, partners, directors,  
1108 members, officers, and principal employees as the commissioner  
1109 deems necessary to make findings under section 36a-541, as amended  
1110 by this act. The commissioner, in accordance with section 29-17a, may  
1111 conduct a state and national criminal history records check of the

1112 applicant and of each partner, member, officer, director and principal  
1113 employee of the applicant. The commissioner may deem an  
1114 application for a license as a sales finance company abandoned if the  
1115 applicant fails to respond to any request for information required  
1116 under sections 36a-535 to 36a-546, inclusive, as amended by this act, or  
1117 any regulations adopted pursuant to said sections 36a-535 to 36a-546,  
1118 inclusive. The commissioner shall notify the applicant, in writing, that  
1119 if such information is not submitted not later than sixty days after such  
1120 request, the application shall be deemed abandoned. An application  
1121 filing fee paid prior to the date an application is deemed abandoned  
1122 pursuant to this section shall not be refunded. Abandonment of an  
1123 application pursuant to this section shall not preclude the applicant  
1124 from submitting a new application for a license under sections 36a-535  
1125 to 36a-546, inclusive, as amended by this act.

1126       Sec. 27. Section 36a-541 of the general statutes is repealed and the  
1127 following is substituted in lieu thereof (*Effective October 1, 2011*):

1128       If the commissioner finds, upon the filing of an application for a  
1129 license as a sales finance company, that the financial responsibility,  
1130 character, reputation, integrity and general fitness of the applicant and  
1131 of the partners thereof if the applicant is a partnership, of the members  
1132 if the applicant is a limited liability company or association, and of the  
1133 officers, directors and principal employees if the applicant is a  
1134 corporation, are such as to warrant belief that the business will be  
1135 operated soundly and efficiently, in the public interest and consistent  
1136 with the purposes of sections 36a-535 to 36a-546, inclusive, as amended  
1137 by this act, the commissioner may thereupon issue the applicant the  
1138 license. If the commissioner fails to make such findings, or if the  
1139 commissioner finds that the applicant has made any material  
1140 misstatement in the application, the commissioner shall not issue a  
1141 license, and shall notify the applicant of the denial and the reasons for  
1142 such denial. The commissioner may deny an application if the  
1143 commissioner finds that the applicant or any partner, member, officer,  
1144 director or principal employee of the applicant has been convicted [,

1145 during the ten-year period prior to the date of application,] of any  
1146 misdemeanor involving any aspect of the sales finance business, or any  
1147 felony. Any denial of an application by the commissioner shall, when  
1148 applicable, be subject to the provisions of section 46a-80. Withdrawal  
1149 of an application for a license shall become effective upon receipt by  
1150 the commissioner of a notice of intent to withdraw such application.  
1151 The commissioner may deny a license up to the date one year after the  
1152 date the withdrawal became effective.

1153 Sec. 28. Section 36a-556 of the general statutes is repealed and the  
1154 following is substituted in lieu thereof (*Effective October 1, 2011*):

1155 Upon the filing of the required application and license fee, the  
1156 commissioner shall investigate the facts and, if the commissioner finds  
1157 that (1) the experience, character and general fitness of the applicant,  
1158 and of the members thereof if the applicant is a partnership, limited  
1159 liability company or association, and of the officers and directors  
1160 thereof if the applicant is a corporation, are satisfactory, (2) a license to  
1161 such applicant will be for the convenience and advantage of the  
1162 community in which the applicant's business is to be conducted, and  
1163 (3) the applicant has the capital investment required by this section, the  
1164 commissioner shall issue a license to the applicant to make loans in  
1165 accordance with sections 36a-555 to 36a-573, inclusive, as amended by  
1166 this act. If the commissioner fails to make such findings or finds that  
1167 the applicant made a material misstatement in the application, the  
1168 commissioner shall not issue a license and shall notify the applicant of  
1169 the denial and the reasons for such denial. The commissioner may  
1170 deny an application if the commissioner finds that the applicant or any  
1171 member, officer, or director of the applicant has been convicted [,  
1172 during the ten-year period prior to the date of application,] of any  
1173 misdemeanor involving any aspect of the small loan lender business,  
1174 or any felony. Any denial of an application by the commissioner shall,  
1175 when applicable, be subject to the provisions of section 46a-80.  
1176 Withdrawal of an application for a license shall become effective upon  
1177 receipt by the commissioner of a notice of intent to withdraw such

1178 application. The commissioner may deny a license up to the date one  
1179 year after the date the withdrawal became effective. The capital  
1180 investment shall be not less than twenty-five thousand dollars for each  
1181 licensed location in a city or town with a population of ten thousand or  
1182 more inhabitants and ten thousand dollars for each licensed location in  
1183 a city or town with a smaller population. Population shall be  
1184 determined according to the last United States census at the time a  
1185 license is granted.

1186 Sec. 29. Subsection (a) of section 36a-557 of the general statutes is  
1187 repealed and the following is substituted in lieu thereof (*Effective*  
1188 *October 1, 2011*):

1189 (a) An application for such license shall be in writing, under oath  
1190 and in the form prescribed by the commissioner, and shall include (1)  
1191 the history of criminal convictions [for the ten-year period prior to the  
1192 date of the application] of the applicant; the members, if the applicant  
1193 is a partnership, limited liability company or association; or the officers  
1194 and directors, if the applicant is a corporation, and (2) sufficient  
1195 information pertaining to the history of criminal convictions, in a form  
1196 acceptable to the commissioner, on such applicant, members, officers  
1197 and directors as the commissioner deems necessary to make the  
1198 findings under section 36a-556, as amended by this act. The  
1199 commissioner, in accordance with section 29-17a, may conduct a state  
1200 and national criminal history records check of the applicant and of  
1201 each member, officer and director of the applicant. The commissioner  
1202 may deem an application for a license as a small loan lender  
1203 abandoned if the applicant fails to respond to any request for  
1204 information required under sections 36a-555 to 36a-573, inclusive, as  
1205 amended by this act, or any regulations adopted pursuant to said  
1206 sections 36a-555 to 36a-573, inclusive. The commissioner shall notify  
1207 the applicant, in writing, that if such information is not submitted not  
1208 later than sixty days after such request, the application shall be  
1209 deemed abandoned. An application filing fee paid prior to the date an  
1210 application is deemed abandoned pursuant to this subsection shall not

1211 be refunded. Abandonment of an application pursuant to this  
1212 subsection shall not preclude the applicant from submitting a new  
1213 application for a license under sections 36a-555 to 36a-573, inclusive, as  
1214 amended by this act.

1215       Sec. 30. Subsection (c) of section 36a-573 of the general statutes is  
1216 repealed and the following is substituted in lieu thereof (*Effective from*  
1217 *passage*):

1218       (c) Whenever it appears to the [Banking Commissioner]  
1219 commissioner that any person has violated the provisions of  
1220 subsection (a) of this section or offered a loan that violates the  
1221 provisions of subsection (a), the commissioner may investigate, take  
1222 administrative action or assess civil penalties and restitution in  
1223 accordance with the provisions of sections 36a-50 and 36a-52.

1224       Sec. 31. Section 36a-581 of the general statutes is repealed and the  
1225 following is substituted in lieu thereof (*Effective October 1, 2011*):

1226       (a) Except as provided for in section 36a-580, no person shall engage  
1227 in the business of cashing checks, drafts or money orders for  
1228 consideration without obtaining a license to operate a general facility  
1229 or a license to operate a limited facility for each location where such  
1230 business is to be conducted.

1231       (b) Each licensee of a limited facility shall continuously maintain at  
1232 least one operating general facility. A licensee of a limited facility shall  
1233 not pay any compensation or consideration to any employer.

1234       (c) An application for a check cashing license or renewal of such  
1235 license shall be in writing, under oath and on a form provided by the  
1236 commissioner. The application shall set forth: (1) The name and  
1237 address of the applicant; (2) if the applicant is a firm or partnership,  
1238 the names and addresses of each member of the firm or partnership;  
1239 (3) if the applicant is a corporation, the names and addresses of each  
1240 officer, director, authorized agent and each shareholder owning ten

1241 per cent or more of the outstanding stock of such corporation; (4) if the  
 1242 applicant is a limited liability company, the names and addresses of  
 1243 each member and authorized agent of such limited liability company;  
 1244 (5) (A) the history of criminal convictions [for the ten-year period prior  
 1245 to the date of the application] of the applicant; the members, if the  
 1246 applicant is a firm or partnership; the officers, directors, authorized  
 1247 agent and each shareholder owning ten per cent or more of the  
 1248 outstanding stock of the applicant, if the applicant is a corporation,  
 1249 and (B) sufficient information pertaining to the history of criminal  
 1250 convictions in a form acceptable to the commissioner on such  
 1251 applicant, members, officers, directors, authorized agent and  
 1252 shareholders as the commissioner deems necessary to make the  
 1253 findings under subsection (e) of this section; (6) each location where  
 1254 the check cashing business is to be conducted and the type of facility  
 1255 that will be operated at that location; (7) the business plan, which shall  
 1256 include the proposed days and hours of operation; (8) the amount of  
 1257 liquid assets available for each location which shall not be less than the  
 1258 amount specified in subdivision (7) of subsection (e) of this section; (9)  
 1259 for each limited facility, a copy of the executed contract evidencing the  
 1260 proposed arrangement between the applicant and the employer; and  
 1261 (10) any other information the commissioner may require. The  
 1262 commissioner, in accordance with section 29-17a, may conduct a state  
 1263 and national criminal history records check of the applicant and of  
 1264 each member, officer, director, authorized agent and shareholder  
 1265 owning ten per cent or more of the outstanding stock of the applicant.

1266 (d) A licensee shall not change the name or the location specified on  
 1267 its license unless, prior to such change in name or location, the licensee  
 1268 files an application with the commissioner accompanied by the  
 1269 applicable name change fee or location transfer fee specified in section  
 1270 36a-582 and receives the approval of the commissioner. A licensee of a  
 1271 limited facility shall not change its approved days and hours of  
 1272 operation unless, prior to any such change, the licensee files an  
 1273 application with and receives the approval of the commissioner. No  
 1274 licensee shall use any name other than the name specified on the

1275 license issued by the commissioner.

1276 (e) Upon the filing of the required application and the applicable  
1277 license and location fees, the commissioner shall investigate the facts  
1278 and may issue a license if the commissioner finds that (1) the applicant  
1279 is in all respects properly qualified and of good character, (2) if the  
1280 applicant is a firm or partnership, each member of the firm or  
1281 partnership is in all respects properly qualified and of good character,  
1282 (3) if the applicant is a corporation, each officer, director, authorized  
1283 agent and each shareholder owning ten per cent or more of the  
1284 outstanding stock of such corporation is in all respects properly  
1285 qualified and of good character, (4) if the applicant is a limited liability  
1286 company, each member and authorized agent is in all respects  
1287 properly qualified and of good character, (5) granting such license  
1288 would not be against the public interest, (6) the applicant has a feasible  
1289 plan for conducting business, and (7) the applicant has available and  
1290 shall continuously maintain liquid assets of at least ten thousand  
1291 dollars for each general facility location and at least two thousand five  
1292 hundred dollars for each limited facility location specified in the  
1293 application. The commissioner may deny an application if the  
1294 commissioner finds that the applicant or any member, officer, director  
1295 or authorized agent or shareholder owning ten per cent or more of the  
1296 outstanding stock of the applicant has been convicted [, during the ten-  
1297 year period prior to the date of application,] of any misdemeanor  
1298 involving any aspect of the check cashing services business, or any  
1299 felony. Any denial of an application by the commissioner shall, when  
1300 applicable, be subject to the provisions of section 46a-80.

1301 (f) An applicant or licensee shall promptly notify the commissioner,  
1302 in writing, of any change in the information provided in its initial or  
1303 renewal application for licensure or most recent renewal of such  
1304 license.

1305 (g) The commissioner may deem an application for a license for a  
1306 general facility or limited facility abandoned if the applicant fails to

1307 respond to any request for information required under sections 36a-  
1308 580 to 36a-589, inclusive, as amended by this act, or any regulations  
1309 adopted pursuant to said sections 36a-580 to 36a-589, inclusive. The  
1310 commissioner shall notify the applicant, in writing, that if such  
1311 information is not submitted not later than sixty days after such  
1312 request, the application shall be deemed abandoned. An application  
1313 filing fee paid prior to the date an application is deemed abandoned  
1314 pursuant to this subsection shall not be refunded. Abandonment of an  
1315 application pursuant to this subsection shall not preclude the applicant  
1316 from submitting a new application for a license under sections 36a-560  
1317 to 36a-589, inclusive, as amended by this act.

1318       Sec. 32. Section 36a-598 of the general statutes is repealed and the  
1319 following is substituted in lieu thereof (*Effective October 1, 2011*):

1320       (a) Each application for an original or renewal license required  
1321 under sections 36a-595 to 36a-610, inclusive, as amended by this act,  
1322 shall be made in writing and under oath to the commissioner in such  
1323 form as the commissioner may prescribe. The application shall include:

1324       (1) The exact name of the applicant and, if incorporated, the date of  
1325 incorporation and the state where incorporated;

1326       (2) The complete address of the principal office from which the  
1327 business is to be conducted and of the office where the books and  
1328 records of the applicant are to be maintained;

1329       (3) The complete name and address of each of the applicant's  
1330 branches, subsidiaries, affiliates and agents, if any, engaging in this  
1331 state in the business of selling or issuing Connecticut payment  
1332 instruments, or engaging in the business of money transmission;

1333       (4) The name, title, address and telephone number of the person to  
1334 whom notice of the commissioner's approval or disapproval of the  
1335 application shall be sent and to whom any inquiries by the  
1336 commissioner concerning the application shall be directed;

1337 (5) The name and residence address of the individual, if the  
1338 applicant is an individual; the partners, if the applicant is a  
1339 partnership; the directors, trustees, principal officers, and any  
1340 shareholder owning ten per cent or more of each class of its securities,  
1341 if the applicant is a corporation or association; or the members, if the  
1342 applicant is a limited liability company;

1343 (6) The most recently audited unconsolidated financial statement of  
1344 the applicant, including its balance sheet and receipts and  
1345 disbursements for the preceding year, prepared by an independent  
1346 certified public accountant acceptable to the commissioner;

1347 (7) A list of the applicant's permissible investments, the book and  
1348 market values of such investments, and the dollar amount of the  
1349 applicant's aggregate outstanding payment instruments (A) as of the  
1350 date of the financial statement filed in accordance with subdivision (6)  
1351 of this subsection; and (B) as of a date no earlier than thirty business  
1352 days prior to the filing of the application;

1353 (8) The history of material litigation for the five-year period prior to  
1354 the date of the application of the individual, if the applicant is an  
1355 individual; the partners, if the applicant is a partnership; the directors,  
1356 trustees, principal officers and any shareholder owning ten per cent or  
1357 more of each class of its securities, if the applicant is a corporation or  
1358 association; or the members, if the applicant is a limited liability  
1359 company, and sufficient information pertaining to the history of  
1360 material litigation, in a form acceptable to the commissioner, on such  
1361 individual or the partners, directors, trustees, principal officers,  
1362 members and any shareholder owning ten per cent or more of each  
1363 class of the applicant's securities;

1364 (9) (A) The history of criminal convictions [for the ten-year period  
1365 prior to the date of the application] of the individual, if the applicant is  
1366 an individual; the partners, if the applicant is a partnership; the  
1367 directors, trustees, principal officers and any shareholder owning ten  
1368 per cent or more of each class of its securities if the applicant is a

1369 corporation or association; or the members, if the applicant is a limited  
1370 liability company, and (B) sufficient information pertaining to the  
1371 history of criminal convictions, in a form acceptable to the  
1372 commissioner, on such individual or the partners, directors, trustees,  
1373 principal officers, members and any shareholder owning ten per cent  
1374 or more of each class of the applicant's securities;

1375 (10) (A) The surety bond required by subsection (a) of section 36a-  
1376 602, if applicable;

1377 (B) A list of the investments maintained in accordance with  
1378 subsection (c) of section 36a-602, if applicable, and the book and  
1379 market values of any such investments (i) as of the date of the financial  
1380 statement filed in accordance with subdivision (6) of this subsection;  
1381 and (ii) as of a date no earlier than thirty business days prior to the  
1382 filing of the application;

1383 (11) A statement of whether the applicant will engage in the  
1384 business of issuing money orders, travelers checks or electronic  
1385 payment instruments or engage in the business of money transmission  
1386 in this state; and

1387 (12) Any other information the commissioner may require.

1388 (b) The commissioner, in accordance with section 29-17a, may  
1389 conduct a state and national criminal history records check of the  
1390 individual applicant and of each partner, director, trustee, principal  
1391 officer, member and shareholder owning ten per cent or more of each  
1392 class of the securities of the applicant. The commissioner may deem an  
1393 application for a license to engage in the business of issuing  
1394 Connecticut payment instruments or engage in the business of money  
1395 transmission abandoned if the applicant fails to respond to any request  
1396 for information required under sections 36a-595 to 36a-610, inclusive,  
1397 as amended by this act, or any regulations adopted pursuant to said  
1398 sections. The commissioner shall notify the applicant, in writing, that if  
1399 the applicant fails to submit such information not later than sixty days

1400 after such request, the application shall be deemed abandoned. An  
1401 application filing fee paid prior to the date an application is deemed  
1402 abandoned pursuant to this subsection shall not be refunded.  
1403 Abandonment of an application pursuant to this subsection shall not  
1404 preclude the applicant from submitting a new application for a license  
1405 under sections 36a-595 to 36a-610, inclusive, as amended by this act.

1406 [(b)] (c) An applicant or licensee shall promptly notify the  
1407 commissioner, in writing, of any change in the information provided  
1408 in the application for license or most recent renewal of such license.

1409 [(c)] (d) A licensee shall not change the name specified on its license  
1410 unless, prior to such change in name, the licensee files an application  
1411 with the commissioner accompanied by the name change fee specified  
1412 in subsection (a) of section 36a-599 and receives the approval of the  
1413 commissioner.

1414 [(d)] (e) A licensee shall provide a written notice to the  
1415 commissioner no later than one business day after the licensee has  
1416 reason to know of the occurrence of any of the following events:

1417 (1) The filing of a petition by or against the licensee under the  
1418 United States Bankruptcy Code for bankruptcy or reorganization;

1419 (2) The filing of a petition by or against the licensee for receivership,  
1420 the commencement of any other judicial or administrative proceeding  
1421 for its dissolution or reorganization, or the making of a general  
1422 assignment for the benefit of its creditors;

1423 (3) The commencement of a proceeding to revoke or suspend its  
1424 license to engage in money transmission in another state or a foreign  
1425 country, or other formal or informal regulatory action by any  
1426 governmental agency against the licensee and the reasons therefor;

1427 (4) The commencement of any action by the Attorney General or the  
1428 attorney general of any other state and the reasons therefor;

1429 (5) The cancellation or other impairment of the licensee's bond or  
1430 other security, including notice of claims filed against the licensee's  
1431 bond or other security;

1432 (6) A conviction of the licensee or of a partner, director, trustee,  
1433 principal officer, member or shareholder owning ten per cent or more  
1434 of each class of the licensee's securities for a misdemeanor involving  
1435 the money transmission business or the business of issuing  
1436 Connecticut payment instruments, or a felony; or

1437 (7) A conviction of its agent for a felony.

1438 Sec. 33. Subsection (c) of section 36a-600 of the general statutes is  
1439 repealed and the following is substituted in lieu thereof (*Effective*  
1440 *October 1, 2011*):

1441 (c) The commissioner may deny an application if the commissioner  
1442 finds that the applicant or any of its partners, directors, trustees,  
1443 principal officers or shareholders owning ten per cent or more of the  
1444 shares of the applicant or members have been convicted [, during the  
1445 ten-year period prior to the date of application,] of any misdemeanor  
1446 involving any aspect of the money transmission business or the  
1447 business of issuing [Connecticut] payment instruments, or any felony.  
1448 Any denial of an application by the commissioner shall, when  
1449 applicable, be subject to the provisions of section 46a-80.

1450 Sec. 34. Section 36a-663 of the general statutes is repealed and the  
1451 following is substituted in lieu thereof (*Effective October 1, 2011*):

1452 The provisions of sections 36a-655 to 36a-665, inclusive, shall not  
1453 apply to the following: (1) Any attorney admitted to the practice of law  
1454 in this state [, when engaged in such practice] who engages in debt  
1455 adjustment as an ancillary matter to such attorney's representation of a  
1456 client; (2) any bank, fiduciary or financing or lending institution  
1457 authorized to transact business in this state or any other state, which  
1458 performs debt adjustment in the regular course of its principal

1459 business; (3) any title insurance or abstract company authorized to  
1460 transact business in this state or any other state, while doing an escrow  
1461 business; and (4) any person acting pursuant to any law of this state or  
1462 of the United States or acting under the order of a court.

1463 Sec. 35. Section 36a-656 of the general statutes is repealed and the  
1464 following is substituted in lieu thereof (*Effective October 1, 2011*):

1465 (a) No person shall engage in the business of debt adjustment in this  
1466 state without a debt adjuster license. Any person desiring to obtain  
1467 such a license shall file with the commissioner an application under  
1468 oath, setting forth such information as the commissioner may require.  
1469 Each applicant for a license and each licensee shall notify the  
1470 commissioner of any change in the applicant's business from that  
1471 stated in the application for the license.

1472 (b) An application for a debt adjuster license or renewal of such  
1473 license shall be in writing on a form provided by the commissioner  
1474 and shall include (1) the history of criminal convictions [for the ten-  
1475 year period prior to the date of the application] of the applicant; the  
1476 partners, if the applicant is a partnership; the members, if the applicant  
1477 is a limited liability company or association; or the officers, directors  
1478 and principal employees if the applicant is a corporation, and (2)  
1479 sufficient information pertaining to the history of criminal convictions,  
1480 in a form acceptable to the commissioner, on such applicant, partners,  
1481 [directors,] members, officers, directors and principal employees as the  
1482 commissioner deems necessary to make the findings under subsection  
1483 (c) of this section. The commissioner, in accordance with section 29-  
1484 17a, may conduct a state and national criminal history records check of  
1485 the applicant and of each partner, member, officer, director and  
1486 principal employees of the applicant.

1487 (c) If the commissioner finds, upon the filing of an application for a  
1488 debt adjuster license, that: (1) The financial responsibility, character,  
1489 reputation, integrity and general fitness of the applicant and of the  
1490 partners thereof if the applicant is a partnership, of the members if the

1491 applicant is a limited liability company or association, and of the  
1492 officers, directors and principal employees if the applicant is a  
1493 corporation, are such as to warrant belief that the business will be  
1494 operated soundly and efficiently, in the public interest and consistent  
1495 with the purposes of sections 36a-655 to 36a-665, inclusive, as amended  
1496 by this act; and (2) the applicant is solvent and no proceeding in  
1497 bankruptcy, receivership or assignment for the benefit of creditors has  
1498 been commenced against the applicant, the commissioner may  
1499 thereupon issue the applicant a debt adjuster license. If the  
1500 commissioner fails to make such findings, the commissioner shall not  
1501 issue a license and shall notify the applicant of the reasons for such  
1502 denial. The commissioner may deny an application if the  
1503 commissioner finds that the applicant or any partner, member, officer,  
1504 director or principal employee of the applicant has been convicted [,  
1505 during the ten-year period prior to the date of application,] of any  
1506 misdemeanor involving any aspect of the debt adjuster business, or  
1507 any felony. Any denial of an application by the commissioner shall,  
1508 when applicable, be subject to the provisions of section 46a-80.  
1509 Withdrawal of an application for a license shall become effective upon  
1510 receipt by the commissioner of a notice of intent to withdraw such  
1511 application. The commissioner may deny a license up to the date one  
1512 year after the effective date of withdrawal.

1513 (d) Each applicant for an original debt adjuster license that is a bona  
1514 fide nonprofit organization shall, at the time of making such  
1515 application, pay to the commissioner an application fee of two  
1516 hundred fifty dollars. Each applicant for an original or a renewal of a  
1517 debt adjuster license that is not a bona fide nonprofit organization  
1518 shall, at the time of making such application, pay to the commissioner  
1519 an application fee of one thousand six hundred dollars or, in the case  
1520 of an application that is filed not earlier than the date one year before  
1521 the date of expiration of such license, a license fee of eight hundred  
1522 dollars. Each such license shall expire at the close of business on  
1523 September thirtieth of the odd-numbered year following its issuance  
1524 unless such license is renewed. Each licensee shall, on or before

1525 September first of the year in which the license expires, file such  
1526 renewal application as the commissioner may require.

1527 (e) If the commissioner determines that a check filed with the  
1528 commissioner to pay an application fee has been dishonored, the  
1529 commissioner shall automatically suspend the license or a renewal  
1530 license that has been issued but is not yet effective. The commissioner  
1531 shall give the licensee notice of the automatic suspension pending  
1532 proceedings for revocation or refusal to renew and an opportunity for  
1533 a hearing on such actions in accordance with section 36a-51, as  
1534 amended by this act.

1535 (f) No abatement of the license fee shall be made if the license is  
1536 surrendered, revoked or suspended prior to the expiration of the  
1537 period for which it was issued. The fee required by subsection (d) of  
1538 this section shall be nonrefundable.

1539 (g) The commissioner may deem an application for a license to  
1540 engage in the business of debt adjustment abandoned if the applicant  
1541 fails to respond to any request for information required under sections  
1542 36a-655 to 36a-665, inclusive, as amended by this act, or any  
1543 regulations adopted pursuant to said sections 36a-655 to 36a-665,  
1544 inclusive. The commissioner shall notify the applicant, in writing, that  
1545 if the applicant fails to submit such information not later than thirty  
1546 days after the date on which such request for information was made,  
1547 the application shall be deemed abandoned. In the event an  
1548 application is deemed abandoned, any application filing fee paid prior  
1549 to the date on which the application was filed is deemed abandoned  
1550 and shall not be refunded. Abandonment of an application pursuant to  
1551 this subsection shall not preclude the applicant from submitting a new  
1552 application for a license under sections 36a-655 to 36a-665, inclusive, as  
1553 amended by this act.

1554 Sec. 36. Subsection (b) of section 36a-664 of the general statutes is  
1555 repealed and the following is substituted in lieu thereof (*Effective*  
1556 *July 1, 2011*):

1557 (b) The surety shall have the right to cancel any bond filed under  
 1558 subsection (a) of this section at any time by a written notice to the  
 1559 licensee, stating the date cancellation shall take effect. Such notice shall  
 1560 be sent by certified mail to the licensee at least thirty days prior to the  
 1561 date of cancellation. No such bond shall be cancelled unless the surety  
 1562 notifies the commissioner in writing not less than thirty days prior to  
 1563 the effective date of cancellation. After receipt of such notification from  
 1564 the surety, [or insurance company,] the commissioner shall give  
 1565 written notice to the licensee of the date such bond [or insurance  
 1566 policy] cancellation shall take effect. The commissioner shall  
 1567 automatically suspend the license on such date, unless prior to such  
 1568 date the licensee submits a letter of reinstatement of the bond [or  
 1569 insurance policy] from the surety [or insurance company] or a new  
 1570 bond [or insurance policy] or the licensee has surrendered the license.  
 1571 After a license has been automatically suspended, the commissioner  
 1572 shall give the licensee notice of the automatic suspension pending  
 1573 proceedings for revocation or refusal to renew and an opportunity for  
 1574 a hearing on such actions in accordance with section 36a-51, as  
 1575 amended by this act, and require the licensee to take or refrain from  
 1576 taking such action as in the opinion of the commissioner will effectuate  
 1577 the purposes of this section.

1578 Sec. 37. Subsections (b) to (d), inclusive, of section 36a-671 of the  
 1579 general statutes are repealed and the following is substituted in lieu  
 1580 thereof (*Effective October 1, 2011*):

1581 (b) No person shall engage or offer to engage in debt negotiation in  
 1582 this state without a license issued under this section for each location  
 1583 where debt negotiation will be conducted. Any person desiring to  
 1584 obtain such a license shall file with the commissioner an application  
 1585 under oath, setting forth such information as the commissioner may  
 1586 require. Each applicant for a license and each licensee shall notify the  
 1587 commissioner of any change in the applicant's business from that  
 1588 stated in the application for the license. A person is engaging in debt  
 1589 negotiation in this state if such person: (1) Has a place of business

1590 located within this state; (2) has a place of business located outside of  
1591 this state and the debtor is a resident of this state who negotiates or  
1592 agrees to the terms of the services [contract] in person, by mail, by  
1593 telephone or via the Internet; [while physically present in this state;] or  
1594 (3) has its place of business located outside of this state and the  
1595 [contract concerns] services concern a debt that is secured by property  
1596 located within this state.

1597 (c) An application for an original or renewal debt negotiation license  
1598 shall be in writing on a form provided by the commissioner and shall  
1599 include (1) the history of criminal convictions [for the ten-year period  
1600 prior to the date of the application] of the (A) applicant, (B) partners, if  
1601 the applicant is a partnership, (C) members, if the applicant is a limited  
1602 liability company or association, or (D) officers, directors and principal  
1603 employees, if the applicant is a corporation; and (2) sufficient  
1604 information pertaining to the history of criminal convictions, in a form  
1605 acceptable to the commissioner, on such applicant, partners, members,  
1606 officers, directors and principal employees as the commissioner deems  
1607 necessary to make the findings under subsection (d) of this section.  
1608 The commissioner, in accordance with section 29-17a, may conduct a  
1609 state and national criminal history records check of the applicant and  
1610 of each partner, member, officer, director and principal employee of  
1611 the applicant. The commissioner may deem an application for a debt  
1612 negotiation license abandoned if the applicant fails to respond to any  
1613 request for information required under sections 36a-671 to 36a-671d,  
1614 inclusive, as amended by this act, or any regulations adopted pursuant  
1615 to said sections 36a-671 to 36a-671d, inclusive. The commissioner shall  
1616 notify the applicant, in writing, that if the applicant fails to submit  
1617 such information not later than sixty days after the date on which such  
1618 request for information was made, the application shall be deemed  
1619 abandoned. An application filing fee paid prior to the date an  
1620 application is deemed abandoned pursuant to this subsection shall not  
1621 be refunded. Abandonment of an application pursuant to this  
1622 subsection shall not preclude the applicant from submitting a new  
1623 application for a license under sections 36a-671 to 36a-671d, inclusive,

1624 as amended by this act.

1625 (d) If the commissioner finds, upon the filing of an application for a  
 1626 debt negotiation license, that: (1) The financial responsibility, character,  
 1627 reputation, integrity and general fitness of the (A) applicant, (B)  
 1628 partners thereof, if the applicant is a partnership, (C) members, if the  
 1629 applicant is a limited liability company or association, and (D) officers,  
 1630 directors and principal employees, if the applicant is a corporation, are  
 1631 such as to warrant belief that the business will be operated soundly  
 1632 and efficiently, in the public interest and consistent with the purposes  
 1633 of sections 36a-671 to 36a-671d, inclusive, as amended by this act; and  
 1634 (2) the applicant is solvent and no proceeding in bankruptcy,  
 1635 receivership or assignment for the benefit of creditors has been  
 1636 commenced against the applicant, the commissioner may thereupon  
 1637 issue the applicant a debt negotiation license. Such debt negotiation  
 1638 license shall not be transferable. Any change of location of a licensee  
 1639 shall require prior written notice to the commissioner. No licensee  
 1640 shall use any name unless such name has been approved by the  
 1641 commissioner. If the commissioner fails to make such findings, the  
 1642 commissioner shall not issue a license and shall notify the applicant of  
 1643 the reasons for such denial. The commissioner may deny an  
 1644 application if the commissioner finds that the applicant or any partner,  
 1645 member, officer, director or principal employee of the applicant has  
 1646 been convicted [, during the ten-year period prior to the date of  
 1647 application,] of any misdemeanor involving any aspect of the debt  
 1648 negotiation business or any felony. Any denial of an application by the  
 1649 commissioner shall, when applicable, be subject to the provisions of  
 1650 section 46a-80. Withdrawal of an application for a license shall become  
 1651 effective upon receipt by the commissioner of a notice of intent to  
 1652 withdraw such application. The commissioner may deny a license up  
 1653 to the date one year after the effective date of withdrawal.

1654 Sec. 38. (NEW) (*Effective October 1, 2011*) (a) No person licensed to  
 1655 engage or to offer to engage in debt negotiation or exempt from such  
 1656 licensure shall permit any individual to engage or offer to engage in

1657 debt negotiation of a residential mortgage loan on behalf of a  
1658 mortgagor for compensation or gain or with the expectation of  
1659 compensation or gain unless such individual is licensed as a mortgage  
1660 loan originator under section 36a-489 of the general statutes, as  
1661 amended by this act, or exempt from such licensure under subdivision  
1662 (2) of subsection (b) of section 36a-486 of the general statutes, as  
1663 amended by this act.

1664 (b) No individual shall engage or offer to engage in debt negotiation  
1665 of a residential mortgage loan on behalf of a mortgagor for  
1666 compensation or gain or with the expectation of compensation or gain  
1667 without first obtaining and maintaining annually a license as a  
1668 mortgage loan originator under section 36a-489, as amended by this  
1669 act, unless such individual is exempt from such licensure under  
1670 subdivision (2) of subsection (b) of section 36a-486 of the general  
1671 statutes, as amended by this act.

1672 Sec. 39. Section 36a-671a of the general statutes is repealed and the  
1673 following is substituted in lieu thereof (*Effective from passage*):

1674 (a) The commissioner may suspend, revoke or refuse to renew any  
1675 license or take any other action, in accordance with the provisions of  
1676 section 36a-51, for any reason that would be sufficient grounds for the  
1677 commissioner to deny application for a license under sections 36a-671  
1678 to 36a-671d, inclusive, or if the commissioner finds that the licensee or  
1679 any proprietor, director, officer, member, partner, shareholder, trustee,  
1680 employee or agent of such licensee has done any of the following: (1)  
1681 Made any material misstatement in the application; (2) committed any  
1682 fraud or misappropriated funds; (3) violated any of the provisions of  
1683 sections 36a-671 to 36a-671d, inclusive, as amended by this act, or any  
1684 other law or regulation applicable to the conduct of its business; or (4)  
1685 failed to perform any agreement with a debtor.

1686 (b) Whenever it appears to the commissioner that any person has  
1687 violated, is violating or is about to violate the provisions of sections  
1688 36a-671 to 36a-671d, inclusive, as amended by this act, or any licensee

1689 or any proprietor, director, officer, member, partner, shareholder,  
 1690 trustee, employee or agent of such licensee has committed any fraud,  
 1691 misappropriated funds or failed to perform any agreement with a  
 1692 debtor, the commissioner may take action against such person or  
 1693 licensee in accordance with sections 36a-50 and 36a-52, as amended by  
 1694 this act. For purposes of sections 36a-671 to 36a-671d, inclusive, as  
 1695 amended by this act, each engagement and each offer to engage in debt  
 1696 negotiation shall constitute a separate violation.

1697 (c) Upon complaint, the [Banking Commissioner] commissioner  
 1698 may review any fees or charges assessed by a person engaging in or  
 1699 offering to engage in debt negotiation services and order the reduction  
 1700 of such fees or charges or repayment of such amount of the fees or  
 1701 charges that the commissioner deems excessive, taking into  
 1702 consideration the fees that other persons performing similar debt  
 1703 negotiation services charge for such services and the benefit to the  
 1704 consumer of such services. In conducting an investigation pursuant to  
 1705 this subsection, the commissioner shall have the same authority as  
 1706 specified in section 36a-17.

1707 Sec. 40. Section 36a-671c of the general statutes is repealed and the  
 1708 following is substituted in lieu thereof (*Effective October 1, 2011*):

1709 The provisions of sections 36a-671 to 36a-671d, inclusive, as  
 1710 amended by this act, shall not apply to the following: (1) Any attorney  
 1711 admitted to the practice of law in this state [, when engaged in such  
 1712 practice] who engages in or offers to engage in debt negotiation as an  
 1713 ancillary matter to such attorney's representation of a client; (2) any  
 1714 bank, out-of-state bank, Connecticut credit union, federal credit union  
 1715 or out-of-state credit union, provided subsidiaries of such institutions  
 1716 other than operating subsidiaries of federal banks and federally-  
 1717 chartered out-of-state banks are not exempt from licensure; (3) any  
 1718 person licensed as a debt adjuster pursuant to sections 36a-655 to 36a-  
 1719 665, inclusive, while performing debt adjuster services; (4) any person  
 1720 acting under the order of a court; or (5) any bona fide nonprofit

1721 organization organized under Section 501(c)(3) of the Internal Revenue  
1722 Code of 1986, or any subsequent corresponding internal revenue code  
1723 of the United States, as amended from time to time.

1724 Sec. 41. Section 36a-671d of the general statutes is repealed and the  
1725 following is substituted in lieu thereof (*Effective October 1, 2011*):

1726 (a) (1) No debt negotiation license, and no renewal thereof, shall be  
1727 granted unless the applicant has filed [a surety bond with the  
1728 commissioner in an aggregate amount of forty thousand dollars for all  
1729 licensed locations. Such surety] the surety bond required by this  
1730 section, which bond shall be written by a surety authorized to write  
1731 such bonds in this state.

1732 (2) No application for a debt negotiation license for a main office,  
1733 and no renewal of such a license, shall be granted unless the applicant  
1734 has filed a single surety bond with the commissioner in an aggregate  
1735 amount of fifty thousand dollars, or such other amount required by  
1736 subdivision (4) of this subsection. No application for a debt negotiation  
1737 license branch office, and no renewal of such a license, shall be granted  
1738 unless the applicant has identified such branch office as a bonded  
1739 location by addendum to the main office surety bond required by this  
1740 section.

1741 (3) Each debt negotiation licensee shall file a single surety bond that  
1742 complies with the requirements of this section in connection with the  
1743 main office license with the commissioner in an aggregate amount of  
1744 fifty thousand dollars or such other amount required in subdivision (4)  
1745 of this subsection, which bond shall identify any licensed branch office  
1746 as a bonded location on such bond by addendum.

1747 (4) In the case of a debt negotiation licensee engaging or offering to  
1748 engage in the business of negotiating residential mortgage loans on  
1749 behalf of mortgagors, such debt negotiation licensee shall file a bond in  
1750 the penal sum amount set forth in subsection (f) of this section based  
1751 on the aggregate dollar amount of the residential mortgage loans

1752 negotiated or offered to be negotiated by its sponsored mortgage loan  
1753 originator licensees. The principal on a bond required by this  
1754 subdivision shall annually confirm that it maintains the required penal  
1755 sum in the amount required by this subdivision. Not later than  
1756 September 1, 2012, and each September first thereafter, a licensee shall  
1757 file with the commissioner such information as the commissioner may  
1758 require to confirm that the penal sum of the bond remains consistent  
1759 with the amount required by this section. The principal shall file not  
1760 later than September first of the applicable year, or on such other date  
1761 as the commissioner may require pursuant to subsection (h) of this  
1762 section, any bond rider or endorsement to the surety bond on file with  
1763 the commissioner to reflect any changes necessary to maintain the  
1764 surety bond coverage required by this section.

1765       [(2)] (b) The form of any surety bond submitted pursuant to  
1766 subsection (a) of this section shall be approved by the Attorney  
1767 General. Any surety bond filed under subsection (a) of this section  
1768 shall be conditioned upon the debt negotiation licensee and any  
1769 sponsored mortgage loan originator licensee faithfully performing any  
1770 and all written agreements [with debtors] or commitments with or for  
1771 the benefit of debtors and mortgagors, as applicable, truly and  
1772 faithfully accounting for all funds received from a debtor or mortgagor  
1773 by the principal or a mortgage loan originator sponsored by the  
1774 principal in the principal's capacity as debt negotiation licensee, and  
1775 conducting such business consistent with the provisions of sections  
1776 36a-485 to 36a-496f, inclusive, 36a-534, 36a-534a and 36a-671 to 36a-  
1777 671d, inclusive, as amended by this act. Any debtor who may be  
1778 damaged by failure to perform any written agreements, by the  
1779 wrongful conversion of funds paid by a debtor or mortgagor to a debt  
1780 negotiation licensee or mortgage loan originator or by conduct  
1781 inconsistent with the provisions of sections 36a-485 to 36a-496f,  
1782 inclusive, 36a-534, 36a-534a and 36a-671 to 36a-671d, inclusive, may  
1783 proceed on any such surety bond against the principal or surety  
1784 thereon, or both, to recover damages. The commissioner may proceed  
1785 on any such surety bond against the principal or surety thereon, or

1786 both, to collect any civil penalty imposed upon the licensee pursuant to  
 1787 subsection (a) of section 36a-50 and any unpaid costs of examination of  
 1788 a licensee as determined pursuant to section 36a-65, as amended by  
 1789 this act. The proceeds of any bond, even if commingled with other  
 1790 assets of the [licensee] principal, shall be deemed by operation of law  
 1791 to be held in trust for the benefit of such claimants against the  
 1792 [licensee] principal in the event of bankruptcy of the [licensee]  
 1793 principal and shall be immune from attachment by creditors and  
 1794 judgment creditors. Any bond required by this section shall be  
 1795 maintained during the entire period of the license granted to the  
 1796 applicant, and the aggregate liability under any such bond shall not  
 1797 exceed the [principal] penal amount of the bond. The principal shall  
 1798 notify the commissioner of the commencement of an action on the  
 1799 bond. When an action is commenced on a principal's bond, the  
 1800 commissioner may require the filing of a new bond and immediately  
 1801 on recovery on any action on the bond, the principal shall file a new  
 1802 bond. Any mortgagor or prospective mortgagor who may be damaged  
 1803 by a failure of the debt negotiation licensee or mortgage loan  
 1804 originator licensee to satisfy a judgment against the licensee arising  
 1805 from the negotiation of or offer to negotiate a nonprime home loan, as  
 1806 defined in section 36a-760, as amended by this act, may proceed on  
 1807 such bond against the principal or surety on such bond, or both, to  
 1808 recover the amount of the judgment.

1809 [(b)] (c) The surety shall have the right to cancel any bond written or  
 1810 issued under subsection (a) of this section at any time by a written  
 1811 notice to the debt negotiation licensee stating the date cancellation  
 1812 shall take effect. Such notice shall be sent by certified mail to the  
 1813 licensee at least thirty days prior to the date of cancellation. No such  
 1814 bond shall be cancelled unless the surety notifies the commissioner in  
 1815 writing not less than thirty days prior to the effective date of  
 1816 cancellation. After receipt of such notification from the surety, the  
 1817 commissioner shall give written notice to the debt negotiation licensee  
 1818 of the date such bond cancellation shall take effect. The commissioner  
 1819 shall automatically suspend the [license on such date] licenses of the

1820 debt negotiation licensee on such date and inactivate the license of any  
1821 sponsored mortgage loan originator, unless prior to such date the debt  
1822 negotiation licensee submits a letter of reinstatement of the bond from  
1823 the surety or a new bond, [or the licensee has surrendered the license]  
1824 surrenders all licenses or, in the case of a mortgage loan originator  
1825 sponsored by a debt negotiation licensee, the mortgage loan originator  
1826 has terminated said sponsorship and requested new sponsorship and  
1827 such sponsorship request has been approved. After a license has been  
1828 automatically suspended, the commissioner shall give the debt  
1829 negotiation licensee notice of the automatic suspension pending  
1830 proceedings for revocation or refusal to renew and an opportunity for  
1831 a hearing on such actions in accordance with section 36a-51, as  
1832 amended by this act, and shall require the debt negotiation licensee to  
1833 take or refrain from taking such action as, in the opinion of the  
1834 commissioner, will effectuate the purposes of this section.

1835 [(c)] (d) No licensee shall use, attempt to use or make reference to,  
1836 either directly or indirectly, any word or phrase that states or implies  
1837 that the licensee is endorsed, sponsored, recommended, bonded or  
1838 insured by the state.

1839 (e) The penal sum of the bond required by subdivision (4) of  
1840 subsection (a) of this section shall be determined as follows:

1841 (1) An initial applicant for a debt negotiation license shall file a bond  
1842 in a penal sum of fifty thousand dollars.

1843 (2) A debt negotiation licensee sponsoring and bonding at least one  
1844 mortgage loan originator as an exempt registrant under subdivision (2)  
1845 of subsection (a) and subsection (c) of section 36a-487, as amended by  
1846 this act, shall file a bond with a penal sum in the following amount:

1847 (A) If the aggregate dollar amount of all residential mortgage loans  
1848 negotiated or offered to be negotiated by all sponsored mortgage loan  
1849 originators during the preceding twelve-month period ending July  
1850 thirty-first of the current year is less than thirty million dollars, the

1851 penal sum of the bond shall be fifty thousand dollars;

1852 (B) If the aggregate dollar amount of all residential mortgage loans  
1853 negotiated or offered to be negotiated by all sponsored mortgage loan  
1854 originators during the preceding twelve-month period ending July  
1855 thirty-first of the current year is thirty million dollars or more but less  
1856 than fifty million dollars, the penal sum of the bond shall be one  
1857 hundred thousand dollars; and

1858 (C) If the aggregate dollar amount of all residential mortgage loans  
1859 negotiated or offered to be negotiated by all sponsored mortgage loan  
1860 originators during the preceding twelve-month period ending July  
1861 thirty-first of the current year is fifty million dollars or more, the penal  
1862 sum of the bond shall be one hundred fifty thousand dollars.

1863 (f) For purposes of subsection (e) of this section, the aggregate dollar  
1864 amount of all residential mortgage loans negotiated or offered to be  
1865 negotiated shall mean the aggregate underlying dollar amount of all  
1866 residential mortgage loans for which a sponsored mortgage loan  
1867 originator provides debt negotiation services.

1868 (g) Financial information necessary to verify the aggregate amount  
1869 of residential mortgage loans negotiated or offered to be negotiated  
1870 shall be filed with the commissioner as the commissioner may require,  
1871 and shall be reported on the system, as defined in section 36a-485, as  
1872 amended by this act, at such time and in such form as the system may  
1873 require. The commissioner may require a change in the penal sum of  
1874 the bond if the commissioner determines at any time that the aggregate  
1875 dollar amount of all residential mortgage loans negotiated or offered to  
1876 be negotiated warrants a change in the penal sum of the bond.

1877 (h) The commissioner may adopt regulations in accordance with  
1878 chapter 54 with respect to the requirements for such surety bonds.

1879 Sec. 42. Section 36a-760j of the general statutes is repealed and the  
1880 following is substituted in lieu thereof (*Effective from passage*):

1881 No person shall influence real estate appraisals of residential  
1882 property. For the purposes of this section, "influence residential real  
1883 estate appraisals" means to directly or indirectly coerce, influence or  
1884 otherwise encourage an appraiser to misstate or misrepresent the  
1885 value of residential property and includes, but is not limited to: (1)  
1886 Refusal, or intentional failure, to pay an appraiser for an appraisal that  
1887 reflects a fair market value estimate that is less than the sale contract  
1888 price; or (2) refusal, or intentional failure, to utilize, or encouraging  
1889 other mortgage brokers not to utilize, an appraiser based solely on the  
1890 fact that the appraiser provided an appraisal reflecting a fair market  
1891 value estimate that was less than the sale contract price.

1892 Sec. 43. Subdivision (1) of subsection (b) of section 36a-801 of the  
1893 general statutes is repealed and the following is substituted in lieu  
1894 thereof (*Effective October 1, 2011*):

1895 (b) (1) Any person desiring to act within this state as a consumer  
1896 collection agency shall make a written application to the commissioner  
1897 for such license in such form as the commissioner prescribes. Such  
1898 application shall be accompanied by (A) a financial statement prepared  
1899 by a certified public accountant or a public accountant, the accuracy of  
1900 which is sworn to under oath before a notary public by the proprietor,  
1901 a general partner or a corporate officer or a member duly authorized to  
1902 execute such documents, (B) (i) the history of criminal convictions [for  
1903 the ten-year period prior to the date of the application] of (I) the  
1904 applicant; (II) partners, if the applicant is a partnership; (III) members,  
1905 if the applicant is a limited liability company or association; or (IV)  
1906 officers, directors and principal employees, if the applicant is a  
1907 corporation, and (ii) sufficient information pertaining to the history of  
1908 criminal convictions of such applicant, partners, members, officers,  
1909 directors and principal employees in a form acceptable to the  
1910 commissioner, (C) a license fee of eight hundred dollars, or in the case  
1911 of an initial application that is filed not earlier than one year before the  
1912 date such license will expire, a license fee of four hundred dollars, and  
1913 (D) an investigation fee of one hundred dollars. The commissioner

1914 shall cause to be made such inquiry and examination as to the  
1915 qualifications of each such applicant or any partner, member, officer,  
1916 director or principal employee of the applicant as the commissioner  
1917 deems necessary. The commissioner, in accordance with section 29-  
1918 17a, may conduct a state and national criminal history records check of  
1919 the applicant and of each partner, member, officer, director and  
1920 principal employee of such applicant. Each applicant shall furnish  
1921 satisfactory evidence to the commissioner that the applicant is a person  
1922 of good moral character and is financially responsible. If the  
1923 commissioner is satisfied that such applicant is in all respects properly  
1924 qualified and trustworthy and that the granting of such license is not  
1925 against the public interest, the commissioner may issue to such  
1926 applicant a license, in such form as the commissioner may adopt, to act  
1927 within this state as a consumer collection agency. The commissioner  
1928 may deny an application if the commissioner finds that the applicant  
1929 or any partner, member, officer, director or principal employee of such  
1930 applicant has been convicted [, during the ten-year period prior to the  
1931 date of application,] of any misdemeanor involving any aspect of the  
1932 consumer collection agency business, or any felony. Any denial of an  
1933 application by the commissioner shall, when applicable, be subject to  
1934 the provisions of section 46a-80. Any such license issued by the  
1935 commissioner shall expire at the close of business on September  
1936 thirtieth of the odd-numbered year following its issuance, unless such  
1937 license is renewed. The commissioner may renew such application, in  
1938 the commissioner's discretion, upon filing of a proper renewal  
1939 application accompanied by a license fee of eight hundred dollars, and  
1940 satisfactory proof that such applicant at that time possesses the  
1941 required qualifications for the license. The commissioner may deny a  
1942 renewal application if the commissioner finds that the applicant has  
1943 been convicted [, during the ten-year period prior to the date of  
1944 application,] of any misdemeanor involving any aspect of the  
1945 consumer collection agency business, or any felony. Any denial of an  
1946 application by the commissioner shall, when applicable, be subject to  
1947 the provisions of section 46a-80. Such renewal application shall be filed

1948 with the commissioner on or before September first of the year in  
1949 which the license expires. Any renewal application filed with the  
1950 commissioner after September first shall be accompanied by a one-  
1951 hundred-dollar late fee and any such filing shall be deemed to be  
1952 timely and sufficient for purposes of subsection (b) of section 4-182.  
1953 Whenever an application for a license, other than a renewal  
1954 application, is filed under sections 36a-800 to 36a-810, inclusive, as  
1955 amended by this act, by any person who was a licensee under said  
1956 sections 36a-800 to 36a-810, inclusive, as amended by this act, and  
1957 whose license expired less than sixty days prior to the date such  
1958 application was filed, such application shall be accompanied by a one-  
1959 hundred-dollar processing fee in addition to the application fee. To  
1960 further the enforcement of this section and to determine the eligibility  
1961 of any person holding a license, the commissioner may, as often as the  
1962 commissioner deems necessary, examine the licensee's books and  
1963 records, and may, at any time, require the licensee to submit such a  
1964 financial statement for the examination of the commissioner, so that  
1965 the commissioner may determine whether the licensee is financially  
1966 responsible to carry on a consumer collection agency business within  
1967 the intents and purposes of sections 36a-800 to 36a-810, inclusive, as  
1968 amended by this act. Any financial statement submitted by a licensee  
1969 shall be confidential and shall not be a public record unless introduced  
1970 in evidence at a hearing conducted by the commissioner. The applicant  
1971 or licensee shall notify the commissioner, in writing, of any change in  
1972 the information provided in its initial application for license or most  
1973 recent renewal application for such license, as applicable, not later than  
1974 ten business days after the occurrence of the event that results in such  
1975 information becoming inaccurate. The commissioner may deem an  
1976 application for a license to act as a consumer collection agency  
1977 abandoned if the applicant fails to respond to any request for  
1978 information required under sections 36a-801 to 36a-810, inclusive, as  
1979 amended by this act, or any regulations adopted pursuant to said  
1980 sections 36c-801 to 36a-810, inclusive. The commissioner shall notify  
1981 the applicant, in writing, that if the applicant fails to submit such

1982 information not later than sixty days after the date on which such  
 1983 request for information was made, the application shall be deemed  
 1984 abandoned. An application filing fee paid prior to the date an  
 1985 application is deemed abandoned pursuant to this subsection shall not  
 1986 be refunded. Abandonment of an application pursuant to this  
 1987 subsection shall not preclude the applicant from submitting a new  
 1988 application for a license under sections 36a-801 to 36a-810, inclusive.

1989       Sec. 44. Subdivision (3) of subsection (b) of section 53-379a of the  
 1990 general statutes is repealed and the following is substituted in lieu  
 1991 thereof (*Effective October 1, 2011*):

1992       (3) For purposes of this section, (A) "person" means (i) a mortgage  
 1993 broker, mortgage lender, [mortgage loan originator or] mortgage  
 1994 correspondent lender, [as] mortgage loan originator, loan processor or  
 1995 underwriter, as such terms are defined in section 36a-485, as amended  
 1996 by this act, or (ii) any other individual who is a mortgagor on more  
 1997 than three individual mortgage loans or who purchases or sells more  
 1998 than three residential properties in a consecutive twelve-month period;  
 1999 (B) "mortgage lending process" means the process through which an  
 2000 individual seeks or obtains a residential mortgage loan, including  
 2001 solicitation, application, origination, negotiation of terms,  
 2002 underwriting, signing, closing and funding of a residential mortgage  
 2003 loan and services provided incident to such mortgage loan, including  
 2004 the appraisal of the residential property; and (C) "residential property"  
 2005 means "residential property" as defined in section 36a-485, as amended  
 2006 by this act.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2011</i>	36a-1
Sec. 2	<i>October 1, 2011</i>	36a-21(e)
Sec. 3	<i>from passage</i>	36a-51(c)
Sec. 4	<i>from passage</i>	36a-65(c)(6)
Sec. 5	<i>October 1, 2011</i>	36a-485(10)

Sec. 6	<i>October 1, 2011</i>	36a-485(15)
Sec. 7	<i>October 1, 2011</i>	36a-485(26)
Sec. 8	<i>October 1, 2011</i>	36a-486(b)
Sec. 9	<i>October 1, 2011</i>	36a-487
Sec. 10	<i>from passage</i>	36a-488(b)
Sec. 11	<i>October 1, 2011</i>	36a-488(c)
Sec. 12	<i>October 1, 2011</i>	36a-489(a)(2)
Sec. 13	<i>October 1, 2011</i>	36a-489(b)
Sec. 14	<i>from passage</i>	36a-489(e)
Sec. 15	<i>from passage</i>	36a-489a
Sec. 16	<i>from passage</i>	36a-490(a) and (b)
Sec. 17	<i>from passage</i>	36a-490(d) and (e)
Sec. 18	<i>October 1, 2011</i>	36a-491
Sec. 19	<i>July 1, 2011</i>	36a-492
Sec. 20	<i>October 1, 2011</i>	36a-494(a)(2)
Sec. 21	<i>October 1, 2011</i>	36a-498d
Sec. 22	<i>October 1, 2011</i>	36a-498e(6)
Sec. 23	<i>October 1, 2011</i>	36a-534b(a)(1)
Sec. 24	<i>October 1, 2011</i>	36a-534b(a)(6)
Sec. 25	<i>October 1, 2011</i>	36a-534b(c)(3)
Sec. 26	<i>October 1, 2011</i>	36a-537
Sec. 27	<i>October 1, 2011</i>	36a-541
Sec. 28	<i>October 1, 2011</i>	36a-556
Sec. 29	<i>October 1, 2011</i>	36a-557(a)
Sec. 30	<i>from passage</i>	36a-573(c)
Sec. 31	<i>October 1, 2011</i>	36a-581
Sec. 32	<i>October 1, 2011</i>	36a-598
Sec. 33	<i>October 1, 2011</i>	36a-600(c)
Sec. 34	<i>October 1, 2011</i>	36a-663
Sec. 35	<i>October 1, 2011</i>	36a-656
Sec. 36	<i>July 1, 2011</i>	36a-664(b)
Sec. 37	<i>October 1, 2011</i>	36a-671(b) to (d)
Sec. 38	<i>October 1, 2011</i>	New section
Sec. 39	<i>from passage</i>	36a-671a
Sec. 40	<i>October 1, 2011</i>	36a-671c
Sec. 41	<i>October 1, 2011</i>	36a-671d
Sec. 42	<i>from passage</i>	36a-760j
Sec. 43	<i>October 1, 2011</i>	36a-801(b)(1)
Sec. 44	<i>October 1, 2011</i>	53-379a(b)(3)

**Statement of Purpose:**

To establish exempt registrant capabilities for sponsoring and bonding of mortgage loan originators; establish required surety bond amounts; clarify licensure requirements for loan processors and underwriters and create exempt registrant sponsorship capability for such loan processor and underwriters; clarify applicability of mortgage loan originator licensure requirements to individuals renegotiating or offering to renegotiate the terms of residential mortgage loans on behalf of mortgagors and create an obligation and a capability for such individuals to be licensed and bonded as mortgage loan originators; to amend the application requirements for various types of consumer credit licenses to require an applicant to provide the complete history of criminal convictions of the applicant and authorize the Banking Commissioner to conduct a state and federal criminal history records check of such persons and certain other related persons of such applicant; and to authorize the commissioner to deny an application for a license if the applicant or certain other related persons of such applicant have been convicted of any misdemeanor involving any aspect of the business for which a license is being sought, or any felony.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*